Chapter 6. Improving regulation and outcomes through behavioural insights

Behavioural insights have become increasingly entrenched in governments around the world as a tool to improve the effectiveness of public policy. This chapter presents an overview of the current state of play for behavioural insights globally, based on OECD research conducted since 2013. This includes an overview of the findings of a recent survey of 60 nudge units from 23 countries and two international institutions, as well as a collection of over 100 case studies on the application of behavioural insights to policy in 11 policy sectors. It particularly focuses on the institution composition and key challenges for governments applying behavioural insights. The chapter also discusses new frontiers for the practice of behavioural insights, which includes embedding the tool throughout the regulatory policy cycle and applying behavioural insights to changing organisational behaviour.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Key findings

Behavioural insights have become increasingly entrenched in governments around the world as a tool to improve the effectiveness of public policy. This chapter presents an overview of the current state of play for behavioural insights globally, based on OECD research that has been conducted since 2013. This includes an overview of the findings of a recent survey of 60 nudge units from 23 countries and two international institutions, as well as a collection of over 100 case studies on the application of behavioural insights to policy in 11 policy sectors. It particularly focuses on the institution composition and key challenges for governments applying behavioural insights. The chapter also discusses new frontiers for the practice of behavioural insights, which includes embedding the tool throughout the regulatory policy cycle and applying behavioural insights to changing organisational behaviour.

Within the context of public sector efficiency and demands from citizens for effective, easy-to-access and responsive public services, behavioural insights (BI) has steadily risen as an effective tool to improve policy outcomes. (OECD, 2017[1]) demonstrates that BI is no longer a fad and has become increasingly entrenched in the work of governments around the world.

OECD research shows strong support for behavioural insights amongst senior leadership in governments who see the tool as means for supporting better regulatory design and delivery, as well as broader reform agendas. Leadership support includes elected officials, agency heads and senior management that often pair their support for BI with a commitment to set up institutional capacity to apply behavioural insights in government.

This institutional support has resulted in a variety of structures used by governments, often combining different models or evolving the mix of structures over time. Establishing a unit or capacity in the Centre of Government is one way governments have institutionalised behavioural insights. Other models for applying behavioural insights have been used and co-exist in countries across the world. This includes specialised units established in departments or agencies, as well as project-based applications where BI is used for specific projects and initiatives. Equally important are the partnerships between government institutions and specialised institutions outside government. These institutions have supported specialised teams and units inside government and in some instances provided the knowledge and expertise to identify behavioural issues, design and conduct experiments, and pinpoint behaviourally-informed solutions for policy-makers.

The ethical application of behavioural insights remains an important topic amongst the behavioural community of government officials, academic practitioners, and private sector advisors. The use of academic partners who work in institutions with established codes of ethics and the use of existing ethic codes within the public sector (which are not necessarily adapted to experimental approaches) have so far helped address possible ethical concerns. Nonetheless, the behavioural community has identified the need to establish a code of ethics for behavioural practitioners that promotes the responsible application of behavioural tools and adheres those working in the field to certain standards when designing and running experiments in a public sector context, and reporting on experiments by governments.

The next frontier for behavioural practitioners and policymakers is to expand the use of the tool to have broader and deeper effects on policy. Behavioural insights have mostly been applied at the late-design and implementation phases of the policy cycle to changing individual behaviour. The use of behavioural insights can be expanded by embedding it throughout the regulatory policy cycle to have wider effects as a tool for obtaining and using evidence in the *ex ante* (RIA) and *ex post* phases of the policy cycle.

Behavioural insights can also be leveraged to change the behaviour of organisations, such as institutions, regulators and regulated entities. Organisations are made of individuals and there are transferrable behavioural insights that can be applied to influencing organisational behaviour, such as in promoting a culture of compliance in business, citizens and regulated companies, from tax or administrative procedures or occupational health and safety. Organisational issues are also at the heart of more complex policy problems, such as inclusive green growth, sustainable development and promoting lifestyles that support a more sustainable use of resources from energy to transport services to food consumption. Discovering how behaviourally-informed policies can effectively change the behaviour of organisations has the potential for large impacts.

Introduction

What is "behavioural insights" and how is it used in practice?

Behavioural insights are lessons derived from the behavioural and social sciences, including decision making, psychology, cognitive science, neuroscience, organisational and group behaviour. These insights are being applied at an increasing pace by public bodies around the world with the aim of making public policies work better (OECD, 2017[1]).

Behavioural insights takes an inductive approach to policy-making that is driven by experimentation and piloting, which challenges established assumptions of what is thought to be rational behaviour of citizens and businesses. This methodology informs decision makers with evidence of what are the "actual" behaviours driving economic or societal outcomes. This enables policy makers to develop innovative approaches to designing and implementing policies, while not substituting their role or competence to make decisions. Likewise, through experimentation and trialling, behavioural insights offer a cost-effective way of testing multiple policy responses at once on a smaller scale to determine the best course of action. This limits the risk of committing resources to the full implementation of a given policy solution, which may have to be revisited at a later date. Box 6.1 provides some examples of BI in practice.

The OECD has been at the forefront of researching and analysing the practical solutions offered by BI that has given rise to its importance as a tool to improve policy making. (OECD, 2017[1])[1] demonstrates that behavioural insights has become entrenched in the daily activities of government through a survey of 60 "nudge units" around the world and a collection of over 100 case studies on the application of behavioural insights to public policy across 11 policy domains. Research by (Sunstein, Reisch and Rauber, 2017[2]) further supports these findings, estimating that over 150 governments make use of "nudges" to influence consumer behavior and consumer choices. This is in addition to the research institutions outside government testing behavioural solutions to problems that could one day be used by policy makers.

Box 6.1. Behavioural insights and regulatory policy

Italy: Improving energy efficiency with better consumption data

The Italian energy, water and waste regulator (ARERA) conducted experiments to discover how individuals react to different types of feedback on their energy use. They found that continuous feedback was extremely useful, and that feedback should show energy consumption in terms of financial cost and not a scientific measure (e.g. British Thermal Units, or BTUs). Furthermore, highlighting the costs of inefficient use was also helpful. As a result, ARERA changed the design of energy bills to display consumption data more simply and clearly.

Costa Rica: Reducing water consumption

Belén, Costa Rica tested the effects of social norms as well as plan-making as motivations to reduce water consumption in nearly 6 000 homes. Results showed that residents who were shown a comparison of their consumption against their neighbourhood and prompted to make a plan to reduce consumption reduced their water consumption by 4% to 5%. If extended city wide, this would translate to the equivalent of 188 000 showers saved per month.

United Kingdom: Maximising survey response rates

Surveying businesses for data is an important element of evidence-driven regulatory policy. In the United Kingdom, the Department for Business, Energy & Industry Strategy (BEIS) sought out to improve the low response rate for a survey evaluating the impacts of the Growth Vouchers programme for small businesses. Testing four different messages with 7 000 small businesses, BEIS was able to discover that behaviourally-informed messages increased the survey response rate by five percentage points over the standard message.

Source: (OECD, 2017[1]), *Behavioural Insights and Public Policy: Lessons from Around the World*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264270480-en.

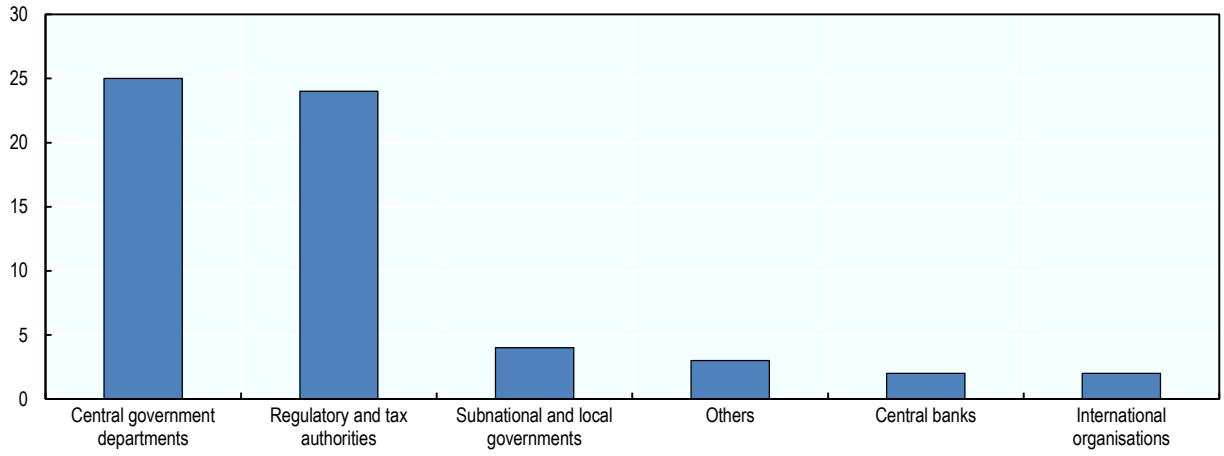
Past OECD work complements these findings by mapping the application of behavioural insights to regulatory policy (Lunn, 2014[3]) and applying that knowledge to helping the Colombian Communications Regulator (CRC) overhaul their consumer protection regime (Box 6.3). More broadly, OECD work has highlighted the importance of behavioural insights to specific policy fields. Work has been completed on topics related to public sector integrity (OECD, 2018[4]), environment (OECD, 2017[5]; Shogren, 2012[6]; Brown et al., 2012[7]; Brown, Alvarez and Johnstone, 2015[8]; Vringer et al., 2015[9]), firm behaviour (Armstrong and Huck, 2010[10]), anti-trust (Stucke, 2012[11]), consumer protection (OECD, 2010[12]); 2012b), tax systems (Tapia and Yermo, 2007[13]), financial education programmes (OECD, 2013[14]), and obesity (OECD, 2010[15]). Forthcoming work will explore frontier-thinking and experimental applications on issues related to sustainable energy use, cartel behaviour, organisational safety culture, and online disclosures. Outside the OECD, the *World Development Report* (World Bank, 2015[16]) and European Commission *Behavioural Insights Applied to Policy* (Sousa Lourenço et al., 2016[17]) have also addressed the use of the behavioural approach to policy making.

How are countries using behavioural insights?

Institutional arrangements

OECD 2017a shows that the majority of current users of behavioural insights are central government departments and regulatory and tax authorities, roughly evenly split between the two (Figure 6.1). Government departments include a wide variety of policy fields, including health and social affairs to finance and economy. Regulators were strongly focused in the financial sector, but also included telecommunication, energy, and competition authorities.

Figure 6.1. Which institutions responded the OECD Behavioural Insights survey?



Notes: Others include government programmes or bodies set up with a highly specialised purpose. Sixty institutions responded to the survey.
Source: OECD 2016 Behavioural Insights Case Study Dataset.

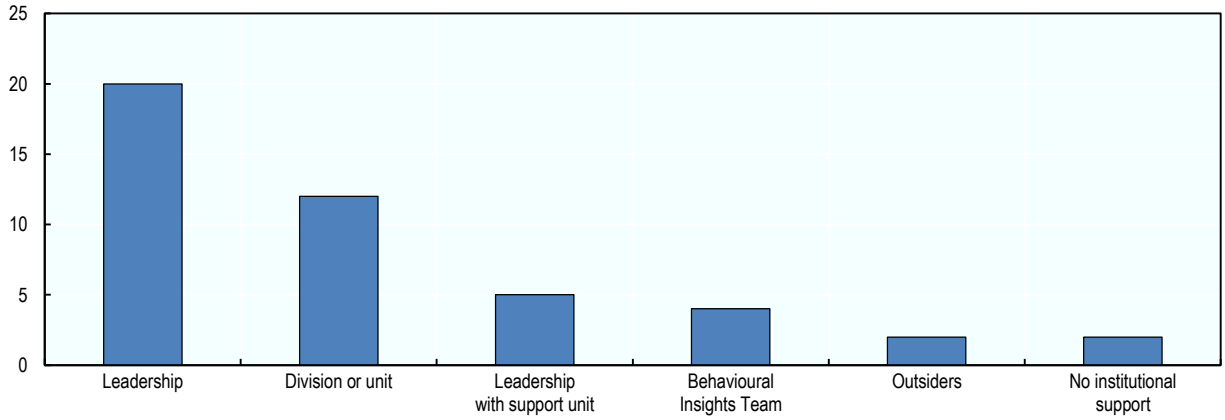
StatLink https://doi.org/10.1787/888933815319

Central government departments are largely represented by "nudge" units, such as the Behavioural Insights Team (BIT) in the United Kingdom (originally created as part of the UK Cabinet Office and currently a social purpose company jointly owned by the UK Cabinet Office, the innovation foundation Nesta and BIT employees), the former Social and Behavioural Sciences Team in the United States (created by executive order 13707 and placed under the National Science and Technology Council), and the Behavioural Economics Team of the Australian Government (BETA, housed inside the Prime Minister's Office). Central government departments at the sub-national level also contributed, such as from the Western Cape Government Office of the Premier and Mayor's Offices in both the City of Philadelphia and the City of Boston.

The survey also demonstrates the drive from high-level leadership to use behavioural insights to improve policy making (Figure 6.2). This is often with the support of partnerships with academic or non-profit institutions that can lend capacity and capabilities within the government, such as with ideas42 (a non-profit, United States), Behavioural Insights in Action at Rotman (BEAR, University of Toronto), the Behavioural Insights Group (BIG) at Harvard University, iNudgeyou in Denmark and the PRICE Lab of the Economic and Social Research Institute (ESRI) in Ireland. In 20 institutions, this support can come from agency heads and senior management or

directly from ministers. BI applications can also be driven by units or divisions within the institution, often dedicated to economic analysis and statistics (12 institutions), or a combination of leadership's commitment paired with some push from a unit or division. For four institutions, applications have been driven by a dedicated BI or innovation unit. Where there has been no leadership or particularly strong institutional support (four institutions), applications have been driven by individual initiatives or some external support (usually in the form of external funding).

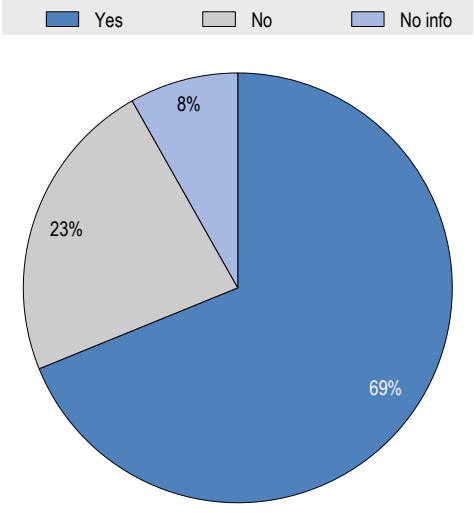
Figure 6.2. Who have been the main institutional supporters of the use of behavioural insights?



Notes: Out of 44 institutions which are applying behavioural insights and responded to the question; no response for 6 institutions; 9 institutions declared that they are not yet applying behavioural insights. Sixty institutions in total responded to the survey.
Source: OECD 2016 Behavioural Insights Case Study Survey Dataset.

StatLink https://doi.org/10.1787/888933815338

Figure 6.3. Is the application of BI related to any other organisational priority, changes, reform, or agenda?



Note: Sixty institutions in total responded to the survey.
Source: OECD 2016 Behavioural Insights Case Study Survey Dataset.

StatLink https://doi.org/10.1787/888933815357

In the majority of organisations, BI application was part of a wider organisational reform (Figure 6.3), especially in the current context whereby governments have fewer resources and citizens demand greater attention to their own needs and expectations. Government policy and regulation based solely on the traditional model of a "rational" actor needed to be enhanced to include missing behavioural biases that lead individuals to make decisions that deviate from those predicted by traditional assumptions.

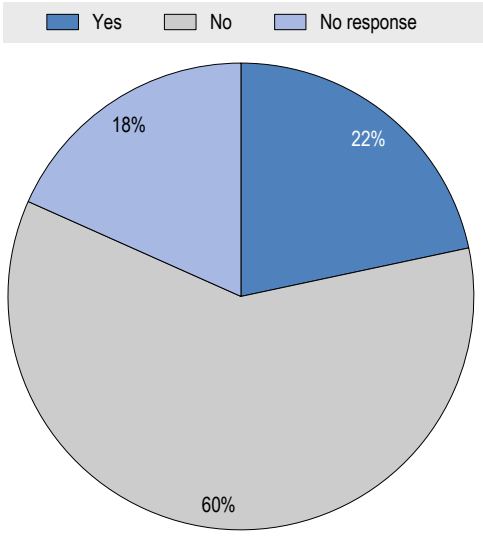
The survey also confirmed that countries have been experimenting with different institutional models to apply BI. Across the case study collection, three institutional models seem to emerge:

- ***Central steering model***: specialised units usually within the Centre of Government (for example, chancellery, president's office, prime minister's or cabinet office) focusing fully or in part on applying, supporting and advocating the use of BI across government; functions that are usually paired with BI are strategic foresight and planning and fostering innovation across the public sector.
- ***Specialised model***: existing units within a department or specialised agency at the central government or local government level applying BI.
- ***Project model***: BI are used for specific projects and initiatives through specialised teams

These models are not mutually exclusive. They co-exist, evolve over time and develop patterns of co-ordination (both formal and informal) between the different models. For example, the United Kingdom appears to have evolved from a central steering model established with BIT in Cabinet Office in 2010, to a more diffuse model when BIT was moved partly outside of government and providing support to government departments and agencies that have their own BI units or specialised teams. Australia has moved in the opposite direction, starting with diffuse teams in various departments and agencies to a diffuse-plus-central-steering model when different departments came together to resource the BETA unit in the Department of the Prime Minister. Other models include Canada, which has central, diffuse and project models at both the federal and provincial levels, as well as Singapore who has a network of practitioners who support and co-ordinate activities or Germany and the European Commission where behavioural insights is part of strategic foresight within the Chancellery and the Commission's Joint Research Centre, respectively.

The effects of 'mainstreaming' behavioural insights became clear as well through the data. While there were anecdotal stories of some original scepticism and opposition to BI in the early days of units applying it to policy, the survey shows that the majority of respondents identify no opposition or criticism, leaving only a small resistance to applying BI (Figure 6.4). When asked about the types of opposition or criticism received, 8 of 11 responses identified internal resistance to change or concerns about the effectiveness of the tool and its ability to address complex problems. Only two cases reported external opposition and criticism from media and concerned stakeholders. This may suggest an organisational environment ready for mainstreaming the use of behavioural insights, and has likely helped in the swift rise of BI applications around the world.

Figure 6.4. Has there been any opposition/criticism about the application of behavioural insights?



Note: Sixty institutions in total responded to the survey.
Source: OECD 2016 Behavioural Insights Case Study Survey Dataset.

StatLink https://doi.org/10.1787/888933815376

Ethical issues

Early criticisms of the behavioural insights methodology focused on the ethics of government using psychology and small-trial testing on its population. Critiques have questioned the legitimacy of governments deciding what is best for its citizens, as well as the issue of providing a possible benefit to a small group of people during trial testing (or a possible negative experience, if the trial is unsuccessful).

Surprisingly, ethical issues were not highlighted as a concern for survey respondents. Of the 60 respondents to the question "Did ethical issues arise?" when applying behavioural insights, 62% of respondents answered "no" while only 11% answered "yes". A further 27% provided no response. This positive response may be due to a variety of factors. Having senior leadership and political support helps provide legitimacy to the application of BI. As part of gaining this support, government officials might have already addressed a number of these ethical issues to anticipate negative reactions and ensure no ethical issues arise. Ensuring that ethical standards are followed may have been accomplished by relying on the broader ethical frameworks in place in public bodies and in the research institutions working with government. Alternatively, some institutions developed specific mechanisms and guidelines to address future ethical concerns. Nevertheless, ensuring appropriate frameworks are in place is still an important issues (Box 6.2).

Box 6.2. OECD work on responsibility framework for BI

In May 2017, the OECD hosted more than 150 behavioural practitioners from government, academia, private sector and international organisations to discuss how behavioural science can be expanded to new frontiers and major policy agendas – such as delivering on the COP 21 agreements, Sustainable Development Goals, and inclusive green growth – and to ensure that the science is applied responsibly.

The meeting discussed the need for a "responsibility framework" of ethics for policymakers, behavioural scientists and the private sector. Attendees agreed that behavioural practitioners need to understand and adhere to certain standards when identifying behavioural issues and possible applications, as well as when making recommendations or decisions, and to ensure that conclusions derived from experiments are clearly presented and based on a variety of behavioural approaches.

The community embraced ideas for developing guidelines or structures that could be put in place to help keep actors "nudging for good," as 2017 Nobel Laureate Richard Thaler commonly remarks. The OECD is supporting this effort by developing a set of ethical guidelines and toolkit for behavioural practitioners.

Source: (OECD, 2017[18]), "Behavioural Insights in Public Policy: Key Messages and Summary from OECD International Events, May 2017", OECD, Paris, www.oecd.org/governance/regulatory-policy/OECD-events-behavioural-insights-summary-may-2017.pdf.

Designing and delivering better regulatory policy

Initial work by the OECD has focused on how governments can use the power of behavioural insights more often in the policy-making process to design and deliver interventions that more effectively hit the intended target (Box 6.4). In regards to regulatory design, (Lunn, 2014[3]) finds that behavioural insights can be used to design better regulations in four ways:

1. ***Simplifying information***: Designing regulations either to simplify the presentation of information or otherwise limit the number or complexity of options within the available choice-set, based on the assumption that such simplification will promote better decision making.
2. ***Setting defaults and promoting convenience***: Decision makers are drawn towards default options. Regulatory policy has the power to determine defaults, thus having potentially large effects on decisions.
3. ***Increasing salience and attention***: Decision makers can only consider a limited number of options at a time. Therefore, designing regulations to highlight, or make salient, certain information or options can impact decision making.
4. ***Debiasing and improving decision quality***: Biases inherent in all decision makers can lead to suboptimal decisions, even if the information is simply displayed and salient. Designing regulations to counteract these biases can similarly improve decision making.

Box 6.3. Protecting Consumers through Behavioural Insights: Regulating the Communications Market in Colombia

In 2016, the OECD worked with the Colombian Communications Regulatory Commission (*Comisión de Regulación de Comunicaciones*, CRC) to help them strengthen the consumer protection regime in the Colombian communications market. The CRC worked with the School of Psychology at the Konrad Lorenz University Foundation to conduct 25 consumer psychology exercises between 2013 and 2014 across 17 regions in Colombia in four cities (Bogotá, Medellín, Barranquilla, and Cali).

The OECD assembled a team of international experts to examine the data and provide recommendations for improving consumer decision making and welfare. The report (OECD, 2016[19]) recommends using a mix of behaviourally-informed regulation and non-regulatory tools to shape incentives in four areas" information provision, customer service, managing consumer consumption and bundled services.

The CRC took the recommendations and conducted further qualitative and quantitative research and experiments on various policy designs with users of mobile telephone, fixed telephone, and TV services in the same four cities. (OECD, 2017[20]) provides full details of these experiments, which include qualitative surveys with 53 people via in-depth interviews, 2 mini-group sessions, and 21 eye-tracking sessions to see users visual path through bills, as well as 11 104 quantitative exercises and 100 responses to a survey.

These experiments resulted in a new behaviourally-informed consumer protection regime, which came into force on 1 September 2017.

Source: (OECD, 2016[19]), *Protecting Consumers through Behavioural Insights: Regulating the Communications Market in Colombia*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264255463-en; (OECD, 2017[20]), *Impact Update: What Happened Next? Protecting Consumer Through Behavioural Insights: Regulating the Communications market in Colombia*, OECD, www.oecd.org/gov/regulatory-policy/colombia-update-what-happened-next.htm.

As discussed in Chapter 3, regulatory delivery through enforcement and inspection remain the weakest link the in regulatory policy cycle. For regulations to be effective, good design needs to be met with proper enforcement to ensure the regulation achieves its intended goals. BI provides governments and regulators with important new approaches for regulatory delivery, namely that compliance can be improved without necessarily needing to resort to traditional enforcement methods (Box 6.4).

Compliance can be improved by understanding behavioural drivers as well. Behavioural insight has shown that individuals may not comply when they perceive others are doing the same, even when it is against their own financial interests. Similarly, they are generally willing to incur costs for the greater good if they believe others are as well (Lunn, 2014[3]). The psychology of procedural justice has also shown that compliance can be affected by perceptions of process fairness – that is, feeling as though you have been treated fairly creates a sense of inclusion and improves willingness to comply (Lind and Arndt, 2018[21]). As a result, improving the way governments engage with individuals and regulated entities to address biases that drive non-compliance can often improve compliance without needing further enforcement techniques, for instance by promoting more inclusive policy making or demonstrating that most people comply with the

requirements. Evidence of the success of these methods can be found in regards to tax collection, mandatory reporting compliance, and the uptake of government programmes (OECD, 2017[1]).

Box 6.4. Improving regulatory delivery with behavioural insights

Denmark: Securing up-to-date business data

Danish businesses have an obligation to register basic company data and keep it up to date with the Danish Business Register. The Danish Business Authority tested a pop-up that prompted businesses to accept or change their information when they logged into the online portal. Nearly 42% chose the change option, though the researchers found that the process of changing the information afterwards needed further streamlining to be effective.

Singapore: Encouraging on-time payment of levies

The Ministry of Manpower (MOM) requires Foreign Domestic Worker employers to pay a levy, which 96% pay on time. For the remaining 8 000, MOM tested behaviourally-informed changes to the reminder letter to increase the number of business that pay on time. They found that those sent the letters were 5 percentage points more likely to make a full payment and 3 percentage points more likely to make a partial payment, relative to the control groups. MOM estimates that this would result in an annual increase of 3 800 employers making prompt levy payments of about SGD 1.5 million if fully implemented.

Ireland: Increasing compliance amongst SMEs

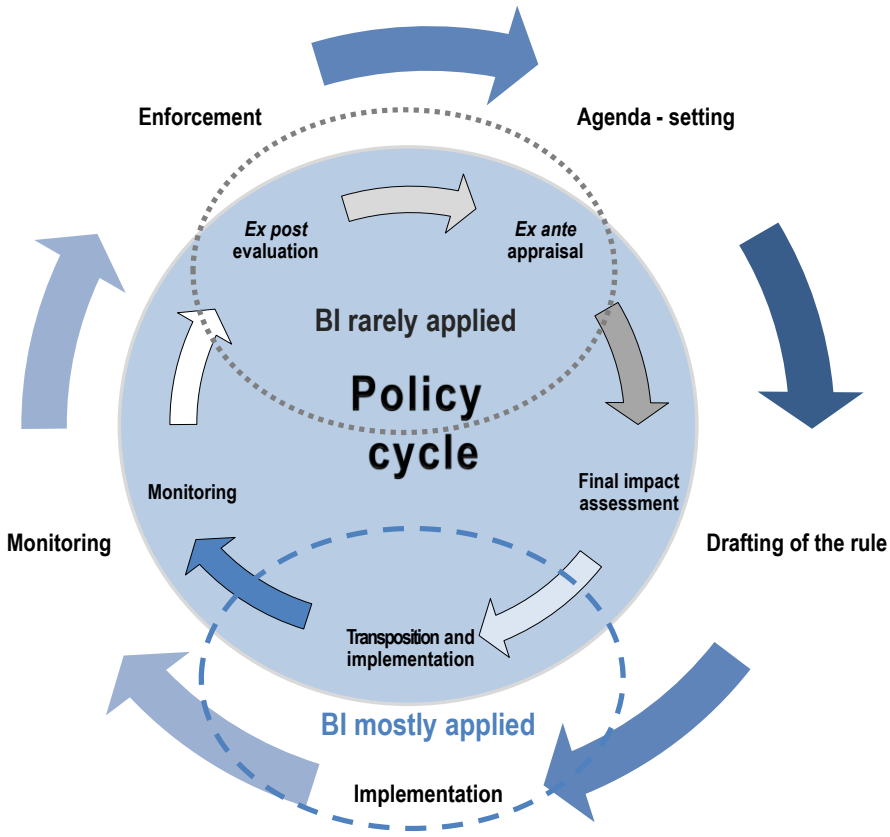
SMEs represent 99.8% of active enterprises in Ireland. Given their economic importance, the Office of the Revenue Commissioners conducted a survey to quantify the issues facing SMEs to improve satisfaction with services, decrease burdens, and improve compliance. Irish Revenue ran a RCT to test the effect of a personalised note on the survey response rate. They found that those receiving the treatment were more than 16 percentage points more likely to respond, relative to the control and nearly double as likely within the first 15 days.

Source: (OECD, 2017[1]), *Behavioural Insights and Public Policy: Lessons from Around the World*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264270480-en.

Looking to the future: What is in store for behavioural insights?

New frontiers exist to expand the use of behavioural insights throughout the policy cycle. So far, evidence shows that behavioural insights appear to be used primarily at a relatively late stage in the policy process, mostly to fine-tune and improve implementation and compliance when a regulation is already in place (Figure 6.5). This is often to fill an implementation gap that is in part created by failing to properly consider implementation challenges in the design and early stages of development of policies and regulation (OECD, 2015[22]).

Figure 6.5. Use of behavioural insights by policy stage



Source: (OECD, 2017[1]), *Behavioural Insights and Public Policy: Lessons from Around the World*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264270480-en.

More can be done to integrate lessons from behavioural insights and digital technology into the *ex ante* appraisal and *ex post* evaluation stages of regulatory policy making. Behavioural insights can help better define the problem at stake and identify the behavioural barriers that can potentially undermine the effectiveness of the policy solutions under consideration from a user perspective. It can provide a powerful tool for collecting data through testing and experiments to understand what works, and what does not, from a user perspective when evaluating implementation.

To a certain degree, the collection of case studies already demonstrates that governments are beginning down this path. A number of case studies reveal that a policy or its implementation has not reached its intended original objectives, and used behavioural insights to evaluate what behavioural barriers may be driving the issue. For example, the European Commission has utilised online lab experiments to test variations of energy labels across multiple EU member states to identify the most effective format. While lab experiments have their limitations, this format allowed the testing of the same policy initiatives across different geographical contexts, and results of which were reflected in the updated regulation (OECD, 2017[1]; OECD, 2017[5])

An important step can also be taken to leverage the use of behavioural insights to diagnose policy problems. Here, data can be generated and used to discover which, if any, behavioural barriers are driving decision making and undermining the effective implementation of policies and regulations, and the achievement of intended policy objectives. If behavioural barriers are present, policy design can incorporate those lessons before deciding on which outcomes are best pursued.

Equally important can be the use of behavioural insights to support *better informed* stakeholder engagement. Surveys and focus groups can provide a broad overview of users' trends and some ideas on preferences. However, they can be fraught with biases originated by, for example, the framing of the questions, their sequencing and the words chosen. Experiments that controls for these biases can provide a better sense of the preferences of users when taking regulatory decisions (OECD, 2016[19]; OECD, 2017[20]; Lunn and Bohacek, 2017[23]).

A new frontier is also looking into the application of BI to changing the behaviour of organisations. The 2017 case studies collection show that behavioural insights have been mostly applied to changing the choice architecture of the individual. However, many policy issues deal with problems of organisational behaviour, such as with institutions, regulators and regulated entities. Incentives in organisational settings are different than individual choice settings, since the interaction between achieving both personal and organisational goals can result in a conflicting set of incentives. For instance, a worker may not report a safety violation required in regulations for fear of punishment or being seen as complaining about a colleague.

Changing organisational behaviour might imply "nudging" organisations through the people within. (OECD, 2017[1]) contains a few examples of nudging organisations, such as Public Health England using behaviourally-informed letters to doctors in 790 practices informing them that they were overprescribing anti-biotics compared to their peers. As a result, 73 406 fewer doses of antibiotics were prescribe over the six month trial. In this case, common individual-level nudges have been employed successfully to a group thus affecting the behaviour of the organisation on a particular service provided by that group.

Moving from the individual, there could be also opportunities to better understand the organisational incentives, leadership behaviour and key decision points that inform the behaviour of the individuals within an organisation. This has the potential for significant effects for regulatory policy, since many policy issues involve providing rules and incentives for organisations to make choices that provide benefits and prevent harms. Assessments of regulatory environments have found that systematic failures to follow regulations in place led significantly to negative consequences. Therefore, discovering effective behaviourally-informed solutions to issues of organisational behaviour can improve the effectiveness of regulatory policy and contribute significantly to preventing these sorts of events from occurring again.

Note

[1] This report presents the results of a global survey of government institutions applying behavioural insights to public policy. In total, the survey received responses from 60 institutions from 23 countries, the UNDP, and the World Bank. The survey also collected details on 159 case studies on the application of behavioural insights to policy. Over 100 cases were chosen for write up and inclusion in the report, based on the quality of information provided. The data provides a comprehensive overview of the institutional arrangements and key challenges facing government applying behavioural insights to public policy.

References

Armstrong, M. and S. Huck (2010), "Behavioral Economics as Applied to Firms: A Primer", *Competition Policy International*, Vol. 6/1, http://else.econ.ucl.ac.uk/papers/uploaded/359.pdf. [10]

Brown, Z., B. Alvarez and N. Johnstone (2015), "Tender instruments: programme participation and impact in australian conservation tenders, grants and volunteer organisations", *OECD Environment Working Papers*, No. 85, OECD Publishing, Paris, http://dx.doi.org/10.1787/5js4k0t30hvc-en. [8]

Brown, Z. et al. (2012), "Testing the Effect of Defaults on the Thermostat Settings of OECD Employees", *OECD Environment Working Papers*, No. 51, OECD Publishing, Paris, http://dx.doi.org/10.1787/5k8xdh41r8jd-en. [7]

Lind, E. and C. Arndt (2018), "Creating Trusted Regulatory Policy", *The Regulatory Review*, https://www.theregreview.org/2018/01/18/lind-arndt-trusted-regulatory-policy/. [21]

Lunn, P. (2014), *Regulatory Policy and Behavioural Economics*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264207851-en. [3]

Lunn, P. and M. Bohacek (2017), "Price transparency in residential electricity: Experiments for regulatory policy", *Journal of Behavioral Economics for Policy*, Vol. 1/2, https://ideas.repec.org/a/beh/jbepv1/v1y2017i2p31-37.html, pp. 31-37. [23]

OECD (2018), *Behavioural Insights for Public Integrity: Harnessing the Human Factor to Counter Corruption*, OECD Public Governance Reviews, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264297067-en. [4]

OECD (2017), *Behavioural Insights and Public Policy: Lessons from Around the World*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264270480-en. [1]

OECD (2017), *Behavioural Insights in Public Policy: Key Messages and Summary from OECD International Events, May 2017*, OECD, Paris, http://www.oecd.org/governance/regulatory-policy/OECD-events-behavioural-insights-summary-may-2017.pdf. [18]

OECD (2017), *Impact Update: What Happened Next? Protecting Consumer Through Behavioural Insights: Regulating the Communications market in Colombia*, OECD, Paris, http://www.oecd.org/gov/regulatory-policy/colombia-update-what-happened-next.htm (accessed on 11 June 2018). [20]

OECD (2017), *Tackling Environmental Problems with the Help of Behavioural Insights*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264273887-en. [5]

OECD (2016), *Protecting Consumers through Behavioural Insights: Regulating the Communications Market in Colombia*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264255463-en. [19]

OECD (2015), "Behavioural insights and new approaches to policy design: The views from the field", *OECD Seminar Summary*, http://www.oecd.org/gov/behavioural-insights-summary-report-2015.pdf. [22]

OECD (2013), "Improving financial education effectiveness through behavioural economics: OECD Key fIndIngs and way forward", https://www.oecd.org/daf/fin/financial-education/TrustFund2013_OECDImproving_Fin_Ed_effectiveness_through_Behavioural_Economics.pdf. [14]

OECD (2010), *Consumer Policy Toolkit*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264079663-en. [12]

OECD (2010), *Obesity and the Economics of Prevention: Fit not Fat*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264084865-en. [15]

Shogren, J. (2012), "Behavioural Economics and Environmental Incentives", *OECD Environment Working Papers*, No. 49, OECD Publishing, Paris, http://dx.doi.org/10.1787/5k8zwbhqs1xn-en. [6]

Sousa Lourenço, J. et al. (2016), *Behavioural insights applied to policy : European report 2016.*, European Commission, Joint Research Centre, EUR 27726 EN, https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/behavioural-insights-applied-policy-european-report-2016. [17]

Stucke, M. (2012), "The Implications of Behavioral Antitrust", *SSRN Electronic Journal*, http://dx.doi.org/10.2139/ssrn.2109713. [11]

Sunstein, C., L. Reisch and J. Rauber (2017), "Behavioral Insights All Over the World? Public Attitudes Toward Nudging in a Multi-Country Study", *SSRN Electronic Journal* , http://dx.doi.org/10.2139/ssrn.2921217. [2]

Tapia, W. and J. Yermo (2007), "Implications of Behavioural Economics for Mandatory Individual Account Pension Systems", *OECD Working Papers on Insurance and Private Pensions*, No. 11, OECD Publishing, Paris, http://dx.doi.org/10.1787/103002825851. [13]

Vringer, K. et al. (2015), "Sustainable consumption dilemmas", *OECD Environment Working Papers*, No. 84, OECD Publishing, Paris, http://dx.doi.org/10.1787/5js4k112t738-en. [9]

World Bank (2015), *Mind, Society, and Behavior: World Development Report 2015*, World Bank, Washington, DC, http://www.worldbank.org/en/publication/wdr2015. [16]

From:

OECD Regulatory Policy Outlook 2018

Access the complete publication at:
https://doi.org/10.1787/9789264303072-en

Please cite this chapter as:

OECD (2018), "Improving regulation and outcomes through behavioural insights", in *OECD Regulatory Policy Outlook 2018*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/9789264303072-10-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.