

Nudge Theory

It is common sense that we humans can easily extend our lifespans and even improve our health with a few lifestyle changes. Use less salt, walk more frequently, no smoking etc. Yet such deceptively simple lifestyle adjustments are exceedingly difficult to inculcate even for identified “at-risk” groups such as folk with high blood pressure and diabetes. Knowledge and awareness, it seems though necessary is not sufficient to influence permanent behavioral change.

Richard Thaler, a noted economist, experienced a similar quandary and studied this behavioral phenomenon which he termed Nudge Theory. Nudge theory describes the use of behavioral science to influence public behavior and the approach since been widely embraced. Richard Thaler and Cass Sunstein also published a book “Nudge” in 2008. Taylor’s research over time has become seminal earning him the Nobel prize in economics in 2017. Nudge Theory has evolved into a specialized branch of research. In the years since, governments such as the UK, US, and Japan, and even the World Bank, have integrated nudge behavioral economics into their policies.

Taylor was a key proponent of the idea that humans do not always react entirely rationally. By applying insights from psychological research, he helped the world better understand people’s economic decision-making in particular. Thaler asserted that people generally support nudges which align with their personal politics so one needs to know who one is dealing with.

A good example of a profitable nudge in South Africa is the insurance industries use of telemetry system to monitor and reward good driving behaviour. The insurance company benefits through fewer claims, the insured benefits through lower premiums and the nations benefits through reduced accidents, lower fatalities and casualties and off course lower Road Accident Fund (RAF) claims.

Root words have a habit of spawning other words, sometimes called a doppelgänger, memes, and even opposite and alternative notions. For example, the word *internet* spawned Intranet, extranet, darknet and so on. Nudge Theory inspired an opposite misuse which Thaler has taken to term “sludge theory.” Sludge emanates when nudges tactics are deployed for dubious reasons. Sludge has two distinct features

namely friction and bad intentions. Instead of making choices easier, as nudge does, sludge often makes them difficult. Think of the e-newsletter that you subscribed and then tried to unsubscribe. It is easy to opt-in but try opting out!

Nudge and sludge are seeming opposites, yet both coerce or manipulate, the public towards a particular choice. Further the notion that a particular nudge is positive is entirely subjective. Consider a beer advertisement which the brewery would consider a customer changing to their brand to be a positive nudge, while a lobby group would consider any beer advertisement to be sludge.

Psychological theory also reminds us of the Hawthorn Effect. The Hawthorne Effect is a phenomenon where individuals are noticed to alter their behavior in response to being observed, and usually refers to positive changes. Observed workers participating in a study might will temporarily become more productive as a result of being observed. The use of telemetry systems to monitor and reward good behaviour is an ideal example of nudge theory synergizing with the Hawthorn effect.

We are in the center of the disruptive change now called the 4th Industrial Revolution (4IR). In this context I how do we instill a culture of online line learning, and even nurture long-long learning because every employer is going to have to continually study to retain their jobs. This is also relevant to our youth given our stressed education system and the lack of sufficient educators?

As a marketer or lobbyist of a cause one must be careful to distinguish between these two notions and allow a nudge opt-out option. Further technology can be fooled as we witnessed with the VW emission saga where software was deployed to provide lower emissions to make the vehicles appear greener. There is nothing bad about deploying nudge provided it is executed with a clear easy opt out choice. For example, a nudge to pay you TV license is a good one. You can temporarily or completely ignore the nudge and there may or may not be consequences.

Can we through wearable technology monitor and reward good lifestyle habits much like telemetry systems? Used ethically the nudge theory synergizing with the Hawthorn effect may well be a driver of positive human lifestyle change.

Off course humans being humans may well want the high marks and will try to “bluff” wearable technologies. The author confesses to tying his Fitbit around his Jack Russel each evening. This has become a much-anticipated routine and my dog charges around the house knowing he (and I) will share a few pieces of biltong. My Fitbit monitoring software is happy. My dog is happy. So am I.