

Nudges@Work

Behavioural Science in the Private Sector

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BS in the Private Sector

- Combining BE research with business strategy to create solutions that meet *BOTH HUMAN AND BUSINESS NEEDS*
- Designing strategies with the human mind *IN MIND*
- Developing, testing, iterating, and scaling innovations that promote *POSITIVE BEHAVIOUR CHANGE*

BS is about helping people make better decisions





Fixing Behavioural issues

Case Study: Insurance Fraud

Cost for UK insurance industry is **c.1 billion GBP per year** (UK GOV's Insurance Fraud Taskforce).

How can you make sure people are honest when claiming their deal? How can you apply nudging to reduce opportunistic fraud?

They tested 18 different nudges based on:

- **Social norms:** people tend to behave according to society norms, and will follow the behaviour of others
- **Self-consistency:** people seek internal consistency in the way they behave
- **Framing:** influenced by way information is presented
- **Reciprocity:** people tend to reciprocate good deeds from others

“Did you know? **95%** of insurance customers fill in their forms fairly and accurately, and make honest insurance claims – **be one of them**”

- 70% reduction in fraudulent claims



Managing Organisational Change

“Only 16 percent of executives say their organizations' digital transformations have successfully improved performance and also equipped them to sustain changes in the long term. For the most part, these failures have less to do with technology and more to do with managing the cultural, mindset, and behavioral challenges that a technological shift creates.”

- MCKINSEY, 2017

1. **Transformation is even harder than we thought.** Only 22% of companies in our analysis successfully transformed themselves. A 78% failure rate, compared with Kotter's asserted 70%, quantifiably affirms how tough it is to transform an organization.
2. **How companies engage their employees can be the difference between success and failure**

HBR, 2021





Managing Change

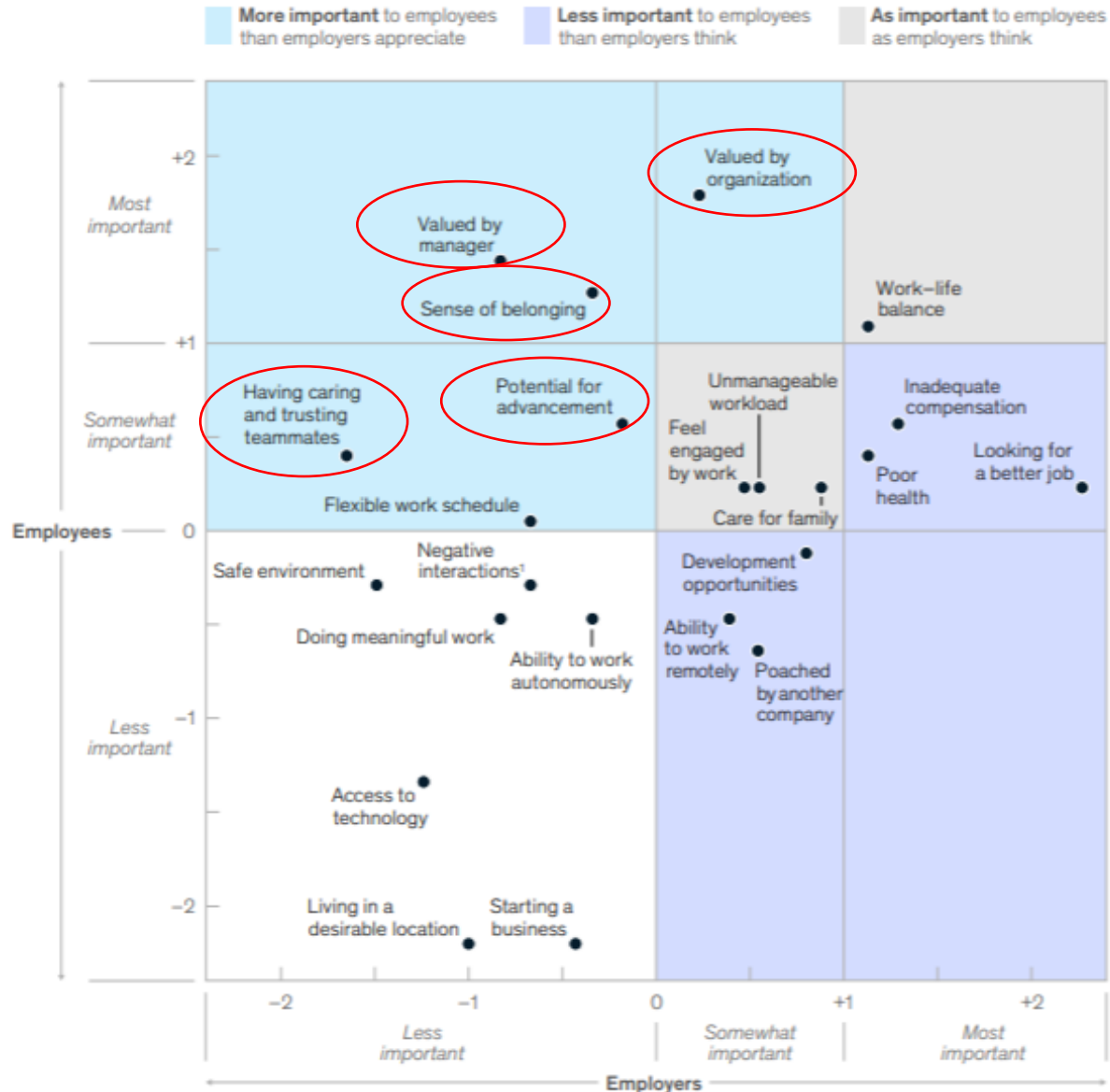
Case Study: Digital Transformation

- Canadian Fortune Future 50 apparel company
- Digital & cultural transformation: new machine learning and AI-powered logistics system
- BS-informed strategy: organisational, educational, behavioural and cultural elements
 - Competency Needs Assessment
 - Supporting Critical Behaviours through choice architecture (nudges), incentive alignment, social norms
 - Capacity Building Solutions



Employers do not fully understand why employees are leaving.

Factors that are important to employees versus what employers think is important



Managing Employee Performance & Wellbeing

Behavioural Science recommends:

- Connection with outcome
- Participation
- Trust
- Challenge
- Actions & Bonuses tied to workers long-term health and growth



Employee Performance & Wellbeing Case Studies

- Bank. Officers were **reminded** about weekly goals and received **weekly bonuses**. Increased productivity by 30%, reduced stress {present bias vs. short-term “visible” incentives}
- Data-entry company. **Self-chosen goals & negative bonus scheme** increased productivity by 33% {loss aversion}
- **Health & Safety** in manufacturing. **Personalized** pamphlets reduced factory accidents by an average of 15% {attention, simplification}
- Google nudged employees towards healthier eating habits by making water and healthy snacks **more accessible** and M&Ms **less accessible** {intention-action gap, salience, sludge}



The case for diversity

Diverse businesses outperform

Gender: 21%
Ethnicity: 33%
2X exceed targets

Diverse companies are more innovative

6X more likely
45% of total revenue

Inclusive companies are happier companies

4X wellbeing

Customers are looking for diverse companies

83% consumer preference

Investors expect diversity and reward it

43% of investors

Companies that lack diversity incur legal risk

\$125,000 avg cost

Diversity, Equity & Inclusion

X Awareness Workshops

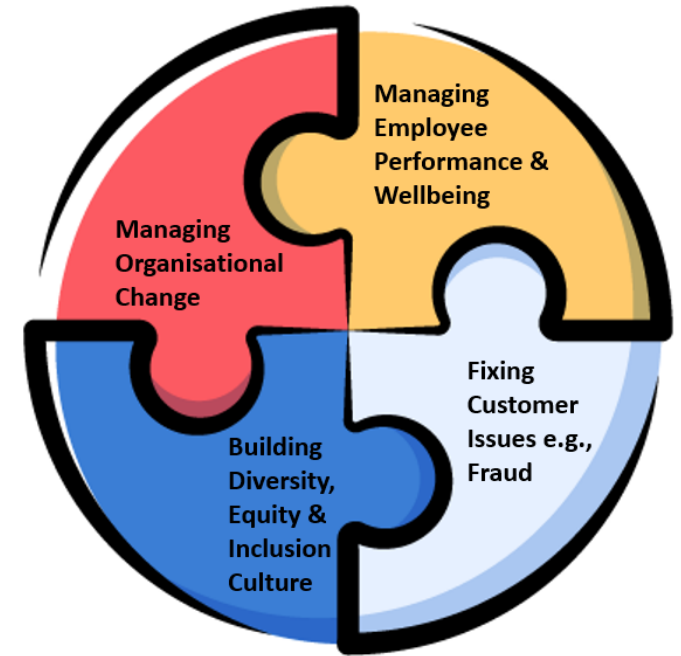
✓ BS-based methods













Case Study:

At Arthur J Gallagher & Co (insurance & risk management) representation improved significantly:

- 20% increase in women hired
- 20% increase in women in executive positions
- 23% increase in people from ethnic minority groups represented in senior leader succession
- Increased engagement across the company









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Infusing Strategy with
Behavioural Science