The Behavioral Foundations of Policy…

lessons from BIT

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Session goals

1. Understand what we mean when we talk about “Behavioural Insights”

2. Understand the implications in a policy context

3. Get familiar with a new framework to consider problems from a behavioural angle
So what are Behavioural Insights?

Simply put, behavioural insights are gleaned from the study of what makes people do the things they do. Some of it is really intuitive… and some of it is pretty surprising.

Academics study human behaviour in a whole range of fields:

- Psychology
- Economics
- Anthropology
- Marketing
- Sociology
- … and beyond!

The Behavioural Insights Team applies lessons from this research to public policy problems.
1. Regulation
How did China get businesses to pay taxes by making receipts attractive?
Sales tax grew considerably; a corollary for the reduction of underground economic activity

- **Sales tax revenue increase**: 17.1%
- **Total tax revenue real growth rate**: 10.4%
- **Sales tax revenue real growth rate**: 21.5%
1. Regulation

2. Incentives
How did we get bankers to donate £500,000 to charity in one day?
Proportion giving away a day’s salary to charity

- Control Group: 5%
- Celebrity: 7%
- Sweets: 11%
- Personal email: 12%
- Sweets + Personal: 17%
1. Regulation
2. Incentives
3. Information
How did better forms reduce prescription errors?
Better forms can save lives! Dosage errors were reduced and key information included more often.

Correct dose entries: 95.4% correct versus 100%

Prescriber's contact number: 31.6% included versus 83.5%
1. Regulation
2. Incentives
3. Information

Behavioural Insights
We get asked to apply behavioral insights all over government and beyond

Can you help us…

- Reduce obesity?
- Reduce corruption?
- Get people to pay their taxes?
- Understand how social workers make decisions?
- Increase medical compliance in poor communities with infectious disease?
- Get welfare recipients back into work faster?
- Improve racial diversity in the police?
How do we know if something worked?

Quite simply, we run an experiment!

We start with a group of people (or organisations) we want to try something new with.
How do we know if something worked?

We randomly allocate them to receive different versions of the service.
How do we know if something worked?

We measure what happens
How did we help HMRC boost its customer response rate?
Changing the default can make a disproportionate difference

19.2%  

Webpage

23.4%  

Direct to Form
How did we help HMRC boost its customer response rate?
Changing the default can make a disproportionate difference

- Webpage: 19.2%
- Direct to Form: 23.4%
How could the UK courts’ service to recover an extra £860,000 per week?
Average amount repaid per message sent out

- No text: £4
- Standard: £9
- Personal: £13
- Amount: £11
- Personal + Amount: £12
SOCIAL

ATTRACTION

EASY

TIMELY

SOCIAL
How did we help HMRC collect an extra £200m in tax debt in a year?

Nine out of ten people pay their tax on time.
Social norms to increase tax payment rates

- Control: 33.6%
- UK Norm: 35.1%
- Local Norm: 35.9%
- Debt Norm: 37.2%
- Local + Debt Norm: 39.0%
How did we connect jobseekers to employment opportunities?
Connecting the unemployed with jobs more effectively...

Control text message
Text message with claimant name
Text message with claimant and advisor name
Text message with claimant and advisor name and reciprocity/ luck
Social norms to increase tax payment rates

- Control: 10%
- Recipient name: 15%
- Sender name: 17%
- Reciprocity/ luck: 26%
Asking people to choose a time tomorrow appears to be more effective.
We tackle large problems by breaking them down into the small decisions points and actions that drive success...

Example: not exhaustive

How can we get people back into work faster?

- Job availability
  - Incentives for job creation
  - Apprenticeships and training

- Job search effectiveness
  - Making quality applications regularly
  - Prioritizing the right opportunities

- Looking for vacancies effectively
  - Quality planning and execution
How did we get jobseekers back into work faster?
Notes from the field

- Too much paperwork = focus on benefit and impossible to understand
- Getting a job can seem a very daunting goal
- Low anchors: minimum three job searches
- Morale falls quickly
Redesigning the process

1. Refocus the process
2. Commitments
3. Morale boosting
Back to work: % people off benefits by 13 weeks

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<th>Control</th>
<th>Treatment</th>
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