



HM Government

Understanding the Behavioural Drivers of Organisational Decision Making



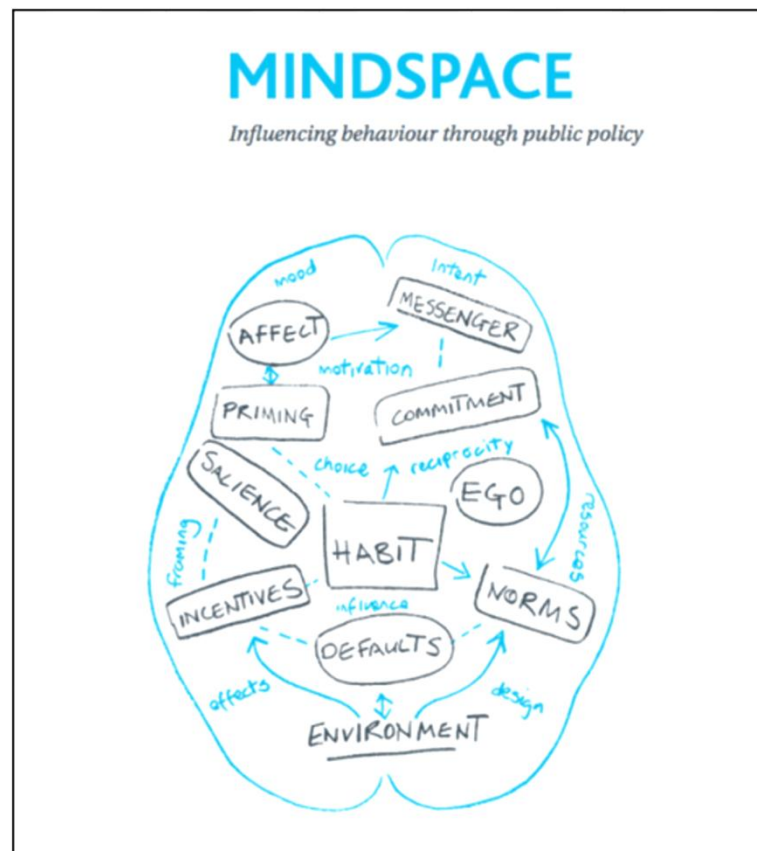
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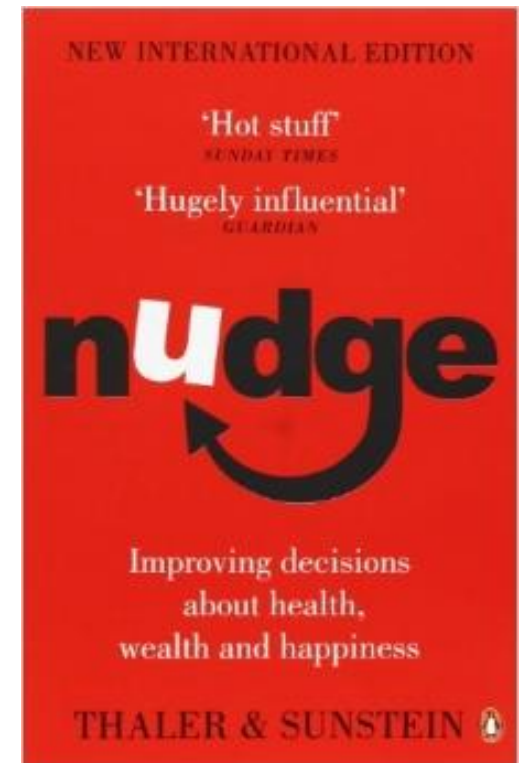
Context: United Kingdom





Rationale

- Seeking alternatives to regulation and fiscal measures
- Building understanding of organisational behaviour
- 'Exploratory' next stage from behavioural insights for individuals





Scope

To understand the generalisable/common factors which

- Explain organisational behaviours,
- Influence/nudge organisational decision making and change

To develop practical, user-friendly outputs

- Based on the factors identified
- That can be easily applied in policy* development





Part One

- Rapid Evidence Assessment (REA)
- Fieldwork element



Part Two

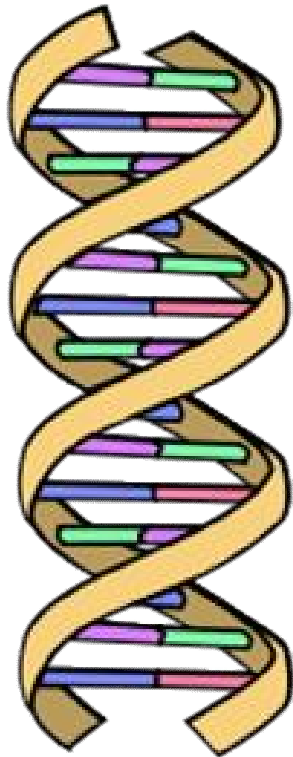


Iterative **consultation** process

- Draw out common insights
- **Guidance** on how insights could influence organisational behaviour
- Produce salient, impactful, engaging, **outputs** for cross-Govt audience.



Part one findings:



Structural Factors



Behavioural Factors



Structural factors: no 'one-size-fits-all'

- Size

- Economic factors more important, reputation less so, for smaller organisations
- Smaller organisations are more risk averse, less likely to seek advice

- Hierarchy

- Flatter structures are more creative
- More hierarchical structures are more risk averse, more process-driven
- But for entrepreneurial organisations – more like individuals

- Sector

- Public sector less concerned about seeking competitive advantage, but equally driven by budget maximisation and innovation





Cognitive drivers of behaviour

- Organisations potentially better at slower, more rational thinking than individuals
- Could make decision making harder to 'nudge'
- But three constraints:



- Means that 'slower and more rational' does not always apply



Heuristics &
Satisficing

Group
failures

Decision
type



Social drivers of behaviour

- Competition is an important driver of behaviour for groups.
- Groups tend to be more aggressive and less cooperative towards each other than individuals.
- Groups trust outsiders less than individuals though they will listen to
 - Their kind
 - Outsiders with a trustworthy track-record
- Peer influence can occur between groups
 - Extent to which groups operate strategically determined by expectation that others will do so





Cultural drivers of behaviour

- Shared group norms (organisational culture) makes nudging more difficult
- Ethical leadership and “Tone of the Top” powerful factors in shaping the organisational culture.
 - Intra-organisational group competition may weaken this
- Relative importance of behavioural drivers may vary according to
 - concern for reputation
 - ownership/governance
 - market share





Behavioural insights and energy efficiency



Access to energy efficiency information/ market



Undervaluing energy efficiency



Hassle costs





Good fit with the energy efficiency evidence



As strategic priority for competitive advantage, EE is taken up - even unprofitable investments.



EE “to show customers and other companies what we can do... that we are helping the environment”



Advice on EE from peers and local networks. Energy providers: not experts but vested interests





Good fit with the energy efficiency evidence



Differences in behaviour according to organisation type: especially small and large



Energy efficiency most sensitive as a reputational driver amongst public facing bodies



Tone of the top key in driving energy efficiency: CSR and ethical ethos can lead to greater investment





Rationale revisited

- ✓ Built base understanding of organisational behaviour
- ✓ Found non-regulatory, non-fiscal insights to influence behaviour

!! Organisations more complex, less predictable, than individuals

1. Understand your target population
2. Apply appropriate insights
3. Nudges for individuals also appropriate

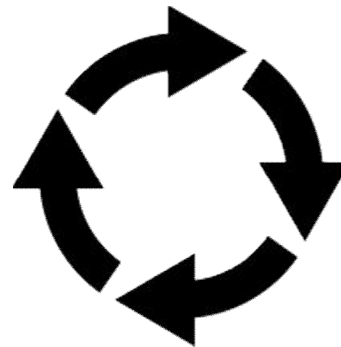




Part two: communicating with impact



Has led to clear demand for materials that...



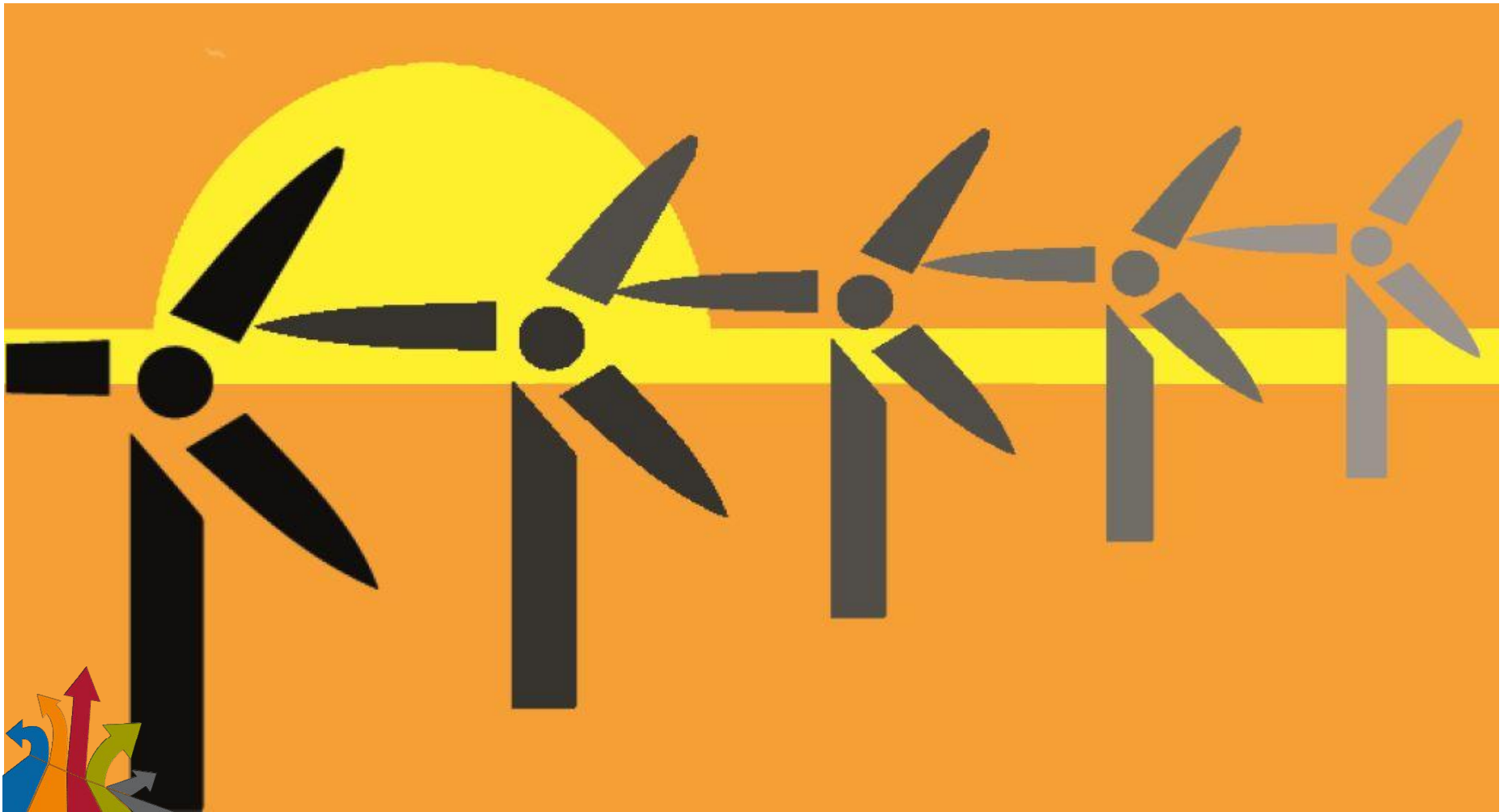
...and turned advisors into advocates





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(Realising) opportunities





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Any questions?



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