Understanding the Behavioural Drivers of Organisational Decision Making

Daniel Alford
Customer Insight Team, Department of Energy and Climate Change, United Kingdom
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
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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.

ies institute for employment studies
The University of Nottingham
UNITED KINGDOM • CHINA • MALAYSIA
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
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
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Behavioural insights and energy efficiency

- Access to energy efficiency information/ market
- Undervaluing energy efficiency
- Hassle costs
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
(Realising) opportunities
Any questions?

Daniel Alford, Customer Insight Team, Department of Energy and Climate Change

Daniel.alford@decc.gsi.gov.uk