How Nudges Get Adopted

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In 2008, Cass Sunstein, a professor at Harvard Law School, and Richard Thaler, an economist at the University of Chicago, introduced the concept of “nudges,” light-touch interventions that government officials, policy makers, and public planners could use to steer people to make better decisions, such as saving for retirement or practicing healthier habits. Building on research by behavioral scientists and economists, Sunstein and Thaler argued that “choice architecture,” or how information is framed and how choices are presented, can be constructed in ways that encourage people to move in a particular direction while maintaining their freedom of choice.

Their ideas inspired the UK-based Behavioural Insights Team, which has some 200 “Nudge Units” or research affiliates around the world. Many of these teams work with government agencies, conducting randomized controlled trials (RCTs) to determine whether a nudge will effectively boost vaccination rates, for example, or encourage drivers to pay parking fines. A new paper by Stefano DellaVigna, a professor of economics at the University of California, Berkeley; Wookjin Kim, a doctoral candidate in economics at the University of California, Berkeley; and Elizabeth Linos, an associate professor of public policy and management and a behavioral scientist at the Harvard Kennedy School, asks an important question: What happens to the findings after Nudge Units help cities test interventions? Does the gathering of evidence guarantee better outcomes, or are there “bottlenecks” in how cities adopt the findings?

The researchers discovered that many potentially impactful nudges were never implemented and set out to understand why. They found that organizational inertia played a critical role: Government agencies were more likely to incorporate the results of RCTs if they applied to activities they were already doing.

The Behavioural Insights Team opened a North America office five years after its founding to assist local and federal agencies with improving the delivery of government services. “These Nudge Units ran experiments with government agencies to find what was effective for their context,” Kim says, “but then what did they do with the nudge? That was the natural question that brought forth this paper.”

The researchers contacted 30 North American cities that ran 73 RCTs with a Nudge Unit across 67 city departments. Describing their outreach to city officials, Kim says, “We approached them and asked, ‘Remember the experiment you ran to test whether this nudge communication would work in your city? Well, what do you do with it now?’” Cities adopted a nudge in only 27 percent of cases. The researchers wondered what factors were to blame.

Following interviews with personnel in several cities, the researchers developed three models to explain nudge adoption (or lack thereof). First, they tracked whether staff that carried out an experiment with a Nudge Unit remained in the same role. Second, the researchers assessed city infrastructure such as staffing numbers and resources. Finally, they examined how officials communicated
the nudge. Was the nudge delivered in a new letter to taxpayers urging compliance, for example, or in a preexisting form of communication? Testing these three models, the researchers ascertained that the last was most predictive of adoption.

“Our bottom-line finding was that nothing was conclusively predictive, except for whether the communications that delivered the nudge were preexisting or not,” Kim says. When the behavioral insights team collaborated with city officials on building behavioral science into a letter that residents already received each year, the rate of adoption shot up more than 50 percentage points. But if the city opted to send a new letter introducing residents to the nudge, the rate of adoption hovered around 50 percent. In other words, adding an intervention to an existing process made adoption much more likely.

For many cities, investing up front to ensure that adoption takes place remains far from obvious, Kim says. When an experiment produces promising evidence, researchers assume that adoption will take place organically. Instead, the researchers’ findings demonstrate that implementation—inoculating evidence into policymaking and practice—requires deliberate thinking about routines and structures. In recent years, more governments have spent more time and money running experiments to help officials evaluate what interventions work. Alongside the creation of evidence, investigating how adoption will take place now seems just as important.

The researchers “remind us that local government agencies are organizations,” says Jonas Hjort, a professor of economics at University College London. “In doing so, they uncover overlooked barriers to evidence adoption and important new questions we now need to investigate.”


S O C I A L E N T R E P R E N E U R S H I P

Prisoner to Entrepreneur
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Those who are released from prison often face difficulty finding a job. This problem, in turn, generates further difficulties for policy makers: If people exiting the criminal justice system can’t support themselves through work, they will have a hard time regaining a place in society and may be more likely to recidivate.

Applicants who have a criminal record are often unable to land a position due to persistent employer discrimination, research shows, and those who can’t find work are often reincarcerated within a few years. This problem especially affects Black former prisoners, who already face discrimination from employers.

A new paper looks at an option some people who leave prison take to avoid employer discrimination: entrepreneurship. The authors—Kylie Hwang, an assistant professor of management and organizations at Northwestern University’s Kellogg School of Management, and Damon Phillips, a professor of management at the University of Pennsylvania’s Wharton School—found that formerly incarcerated Black individuals are more likely to “pursue entrepreneurship due to the discrimination they face from employers” and that those who do so tend to have better outcomes. Going into business for themselves may seem a riskier path, but on average they earn more than their peers who are employees and are less likely to reoffend.

To examine the work status of former prisoners, Hwang and Phillips used data from the 1997 US National Longitudinal Survey of Youth, which went on for 15 years. The researchers also analyzed data from the National Employment Law Project on ban-the-box laws in states across the country. Such laws forbid employers from asking job applicants questions about past felony convictions during early rounds of interviews. Since such laws were gradually passed and implemented over the 15-year period, the legislative expansion enabled the researchers to use it as a natural experiment to see how those leaving prison fared depending on whether the place where they lived did or didn’t have this antidiscrimination law in place at the time of release.

Hwang and Phillips found that the march of ban-the-box laws across states and cities correlated with a lower rate of entrepreneurship for Black individuals who had been incarcerated, indicating that they were not experiencing as much employment discrimination and were able to get hired into jobs with less trouble once such laws passed. (The researchers found this effect only when looking at Black individuals, not other demographic groups.) This finding indicated that entrepreneurship is the preferred choice of those who experience discrimination in hiring, not necessarily because they prefer to be self-employed or feel motivated to start a business.

“We’re able to disentangle how much of the labor market discrimination pushes these people into entrepreneurship,” Hwang says.

Being an entrepreneur is rarely easy, with access to funding a major issue for anyone who starts a business. Entrepreneurs in this post-prison group face significantly greater barriers than others as they battle for limited amounts of seed capital available to low-growth, small-scale businesses that don’t require specialized skills, Hwang says. But the data show that these obstacles aren’t as great as the employment discrimination these individuals face after they leave prison.

The sorts of new businesses that the study examines are not typically VC-funded tech start-ups or even companies that qualify for bank loans, said Howard Aldrich, a professor of sociology at the University of North Carolina-Chapel Hill who studies entrepreneurship. Instead, newly released individuals often start what he calls “mundane, ordinary, everyday business opportunities that have low barriers to entry, often are done as solo endeavors, and allow people to capitalize on whatever business experiences