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Understanding the Behavioural Drivers of Organisational Decision Making



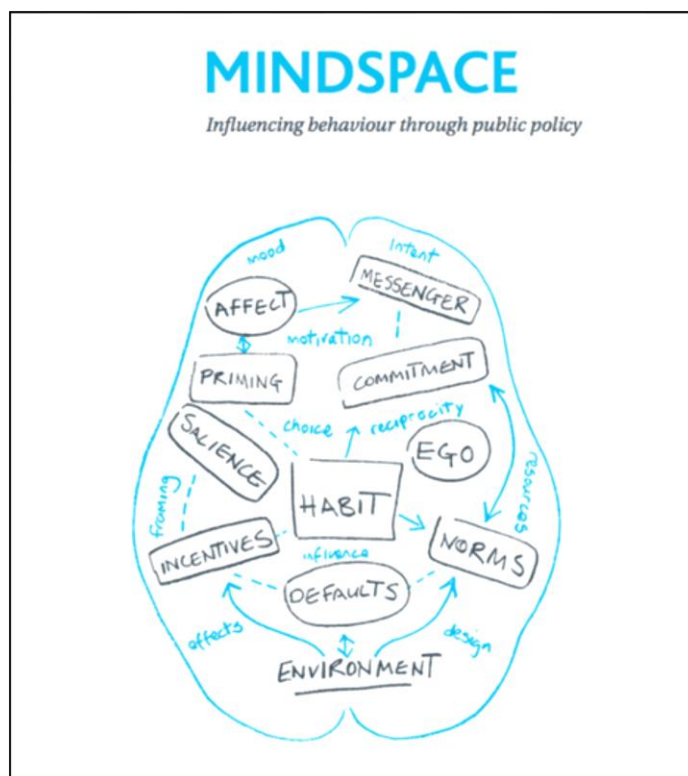
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Context: United Kingdom



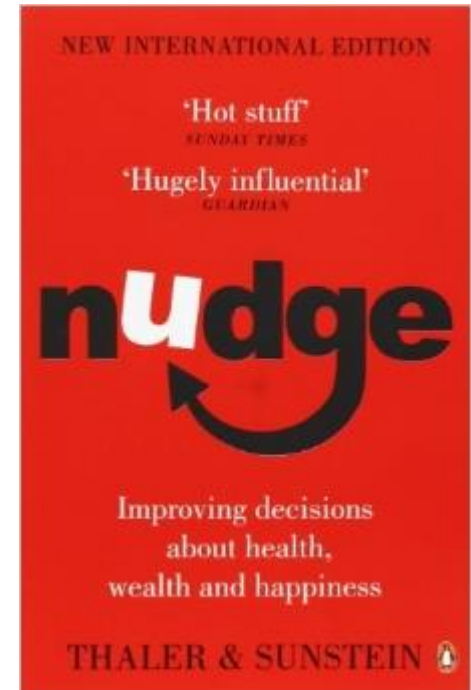
THE
BEHAVIOURAL
INSIGHTS TEAM.





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.



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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
- SMEs 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

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

!! Organisations more complex, less predictable, than individuals

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

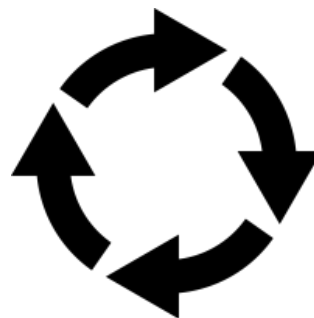




Part two: communicating with impact



Has led to clear demand for materials that...

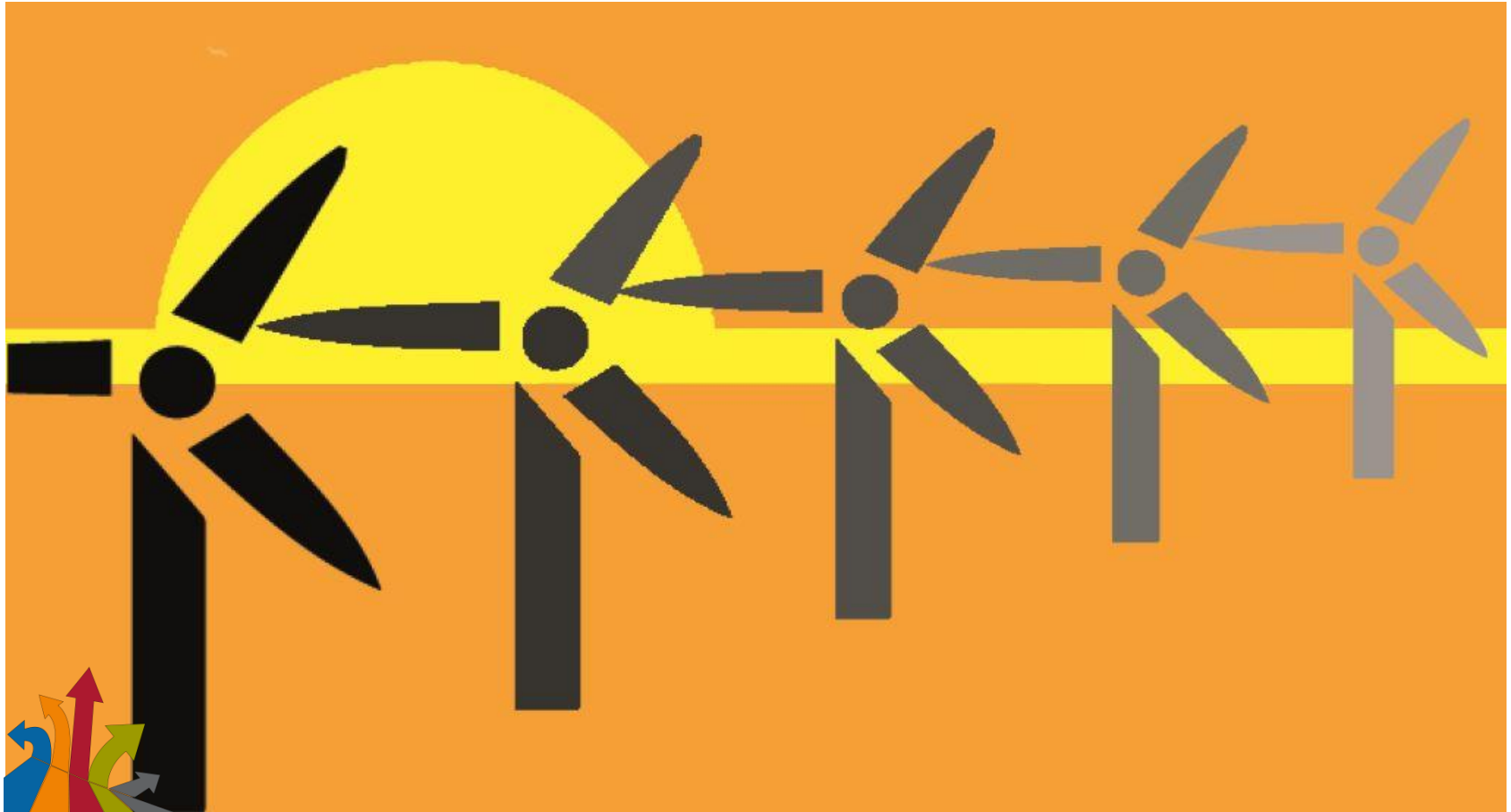


...and turned advisors into advocates





(Realising) opportunities





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Any questions?



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