# A New Look at Choice-Making Behavior

**By Tom Critchfield, Ph.D.**

*The following was written to tie together the implications of the book "Nudge: Improving Decisions About Health, Wealth, and Happiness," (Thaler and Sunstein) and how ADI uses the science of behavior to address decisions, the choices made and the impact those choices have on performance. Dr. Critchfield, a well-respected behavior analyst and basic researcher in the field of behavioral science, provides his review about the implications for the workplace.*

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People who build and run systems—such as governments, investment plans, and businesses—confront competing realities. On the one hand, people passionately value their freedom (the right to make important personal choices). Whole countries (like the United States) have been founded to preserve personal freedom, and as individuals, we tend to get pretty testy when we sense that our freedom to choose may be constrained.

On the other hand, people often make important choices that harm their well-being and that of people around them. Think of the spectacular failures of New Year's resolutions and of society-level imbalances between saving and spending money. In business, this conundrum is evident in the fact that workers love autonomy (and resent heavy-handed management) but, left to their own devices, often choose to be late, unsafe, or unproductive.

**"How could I get hurt doing this task?"**

In general, people love to pull the trigger of choice, but in the process often shoot off their own toes (or someone else's).

Authors Richard Thaler and Cass Sunnstein address these conflicting tendencies of human nature in their book Nudge: Improving Decisions about Health, Wealth, and Happiness, which is thought-provoking reading for anyone who is responsible for systems designed by human beings.

**At the core of Nudge are these basic principles.**

## Principle #1: "TWO BRAINS"

Frances Bacon remarked, "Nature, to be commanded, must be obeyed," and this applies to human nature as well as to the physical world. Building better systems—helping people choose wisely—requires an understanding of how people make choices in the first place. Although the human mind is an impressive thinking machine, even the most brilliant minds fall victim to common slips of reason. If all Nudge did was explain why that is so, it would be worth the read.

To support choice-making, Thaler and Sunnstein explain that nature has given us two sets of thinking tools. One breaks down problems analytically; the other supports our gut instincts. The world is so complicated that we need both tools and normally they work well together. But under very predictable circumstances the "two brains" pull us in very different directions.

When this happens, unreason is sure to follow. In the abstract, people almost always embrace personal goals that a dispassionate observer would regard as "the right thing to do." For instance, most people genuinely want to save money, to pollute less, to

be healthy, to work effectively, and so on. The "analytical brain" values these things. Unfortunately, in the heat-of-decision moments, common forms of unreason push people to act in ways that conflict with their own goals. This is the "instinctive brain's" handiwork. For example, we experience this conflict between the two brains—between well-intentioned, big-picture goals and unwise momentary decisions—every time a New Year's Resolution explodes in our faces.

Managers should read Nudge to understand what kinds of (avoidable) decision moments promote bad choice-making. Good systems engineer decision moments that nudge the "two brains" to work in concert.

## Principle #2:

### SYSTEMS MUST BE DESIGNED FOR REAL HUMANS

This point is similar to one that Aubrey Daniels International has often emphasized: organizational processes must be built around real human beings. Many people think that organizations are about products and profits. To be sure, these are required for the organization to survive, but they are happy side effects that emerge when the moment-to-moment behavior of human employees aligns with organizational goals. The science of behavior tells us how to achieve the required alignment by focusing on what people do within our organizations, and how organizational systems support them in doing it.

Making decisions, of course, is one of the things people do. Among popular-press treatments of human unreason, Nudge is unique in showing how human unreason is relevant to the design of systems in which people make important decisions. Its early pages describe two common fallacies of systems design.

The first fallacy is to place too much stock in the human desire to do the right thing. In business context, such overly-libertarian systems define organizational goals but leave it to employees (people) to figure out, on their own, how to meet them. This freedom often creates decision moments that allow the chaos of unreason to corrupt the system.

The second fallacy of systems design is to assume that humans can never be trusted to do the right thing. In business context, such overly-paternalistic systems attempt to script everything that employees do. As Daniels points out, this often means a heavy reliance on punishing those who deviate from the script, which leads employees to resent the organization and to do the bare minimum necessary to keep their jobs.

**Re-scanning needs special focus from management**

[2]Agnew, J., (2016). A Supervisor's Guide to (Safety) Leadership. Performance Management Publications.

Neither strict libertarianism nor strict paternalism pays much heed to the way real humans make decisions, which is why, according to Nudge, an alternative approach is required.

## Principle #3:
### LIBERTARIAN PATERNALISM

Nudge recommends a middle ground in the form of a research-informed perspective on systems design called libertarian paternalism. Here "libertarian" refers to preserving as much individual freedom as possible, and "paternalism" refers to creating a context in which smart choices are most likely to be made. The goal of libertarian paternalism is not to mandate specific behaviors but rather to stack the decision-making deck in favor of the analytical brain.

Here's an example of a "nudge" from the book. Research shows that customers tend to load up on items that are encountered early in a cafeteria line. Given that obesity is epidemic in many western countries, a cafeteria manager might seek to do good by placing vegetables first and desserts later in the line. This practice does not prevent any individual from choosing whatever foods might be desired, but it does assure that, in the student body as a whole, more healthy choices will be made.

## Principle #4:
### NUDGES ALIGN MOMENTARY DECISION-MAKING WITH ABSTRACT GOALS

Notice that the cafeteria manager has not induced anyone to make choices that conflict with their individual goals and values. People who despise broccoli are free to choose

other foods further down the cafeteria line. Yet most people, it turns out, want to do the right thing when they eat, and they will, as long as the context of choice making does not unduly harness the worst impulses of the gut-feeling part of the brain.

As both Nudge and Daniels point out, research on human behavior tells us a great deal about how to help people align their momentary decisions with their abstract goals. One of the great tools in this quest is information, properly structured and intelligently provided. Daniels teaches how feedback systems, when linked to the constructive things people do on a moment-to-moment basis, can generate "discretionary effort," (performance that is consistently above and beyond the call of duty). This is choice making at its best.

When employees make moment-to-moment choices to be safe, productive, and creative, they boost their standing in the organization and meet (or exceed) their own expectations for personal success. They also, not coincidentally, advance the organization's mission.

Aubrey Daniels has written at length about how workplace feedback, as managers typically provide it, actually harms employee performance. Similarly, Nudge explains how the information that guides decisions in other contexts empowers the gut-feeling part of the brain to promote selfish, lazy, risky, and impulsive decisions. Among the book's fascinating features are suggestions for how a little information can help us save for retirement, avoid credit debt, choose better schools and health care, and accomplish a vast array of other things about which many people care deeply.

## Principle #5:
### NUDGES MAKE THE "RIGHT THING" THE EASY AND OBVIOUS THING

As the cafeteria example suggests, many useful nudges are neither intrusive nor heavy handed. At the heart of many of them is the concept of a default option, which might be defined as the course of least resistance in a decision situation. Recall how the cafeteria patron had to pick some kind of food first. Since most people embrace the abstract goal of eating well, it might as well be vegetables. Here the default option is implicit, but some default options are explicit. For example, a new employee must choose a retirement-benefits plan; if he does not make an active choice, he may be assigned to a particular plan.

Nudge shows how, on a moment to moment basis, human behavior tends to follow the course of least resistance, regardless of whether it is implicit or explicit. The task of the systems designer is to make the "right thing to do" also the course of least resistance.

## Principle #6:
### NUDGES ARE INCREMENTAL

It's important to stress that nudges set people up to make good decisions but do allow them to make decisions. This means that the benefits of nudging are actuarial—more people will decide intelligently, but not all decisions have to be intelligent. Whether this glass is half empty or half full is a matter of perspective.

Managers, no doubt, have been trained by business-school theory and by the popular press of management to imagine organizations in which employees execute their jobs flawlessly and there is never any waste or discord. Compared to this ideal, an organization shaped by nudges may look pretty imperfect; not everyone will make smart decisions.

Whether this is a useful frame of reference, however, can be debated. Daniels and the authors of Nudge might agree that ideals have little to do with reality. The systems that managers have favored historically lead to (depressingly) few smart decisions. The immediate goal, then, is to do better, and many kinds of nudges can promote this.

## Principle #7:
### GOOD SYSTEMS ARE OBJECTIVE AND SELF-REFLECTIVE

Only by observing what real people do can we understand their moment-to-moment decisions. Systematic measurement of behavior is the bedrock of systems design, and the governmental and social systems that Nudge recommends, like those Daniels recommends for organizations, are data-based.

This provides two important advantages.

First, data-based systems can be evaluated objectively in terms of how well individual decisions square with abstract goals. Thaler and Sunnstein provide lucid examples of controversial, but effective systems that go underappreciated, and of popular systems that fail miserably.

Second, data-based systems are capable of evolving based on how well they succeed. Even a system based on the science of behavior includes educated guesses, and some of these guesses are wrong. When we attend to what real people do in decision situations, we notice immediately when their decisions deviate from their abstract goals, and can consider appropriate adjustments in the system.

## Principle #8:
### NUDGES ARE MANDATORY AND HUMANE

The final point worth emphasizing from Nudge is that systems designers, like everyone else, have analytical brains that strive to "do the right thing" probably including respecting each worker's autonomy and capacity to achieve. This abstract value, of course, must somehow coexist with the fact that all organizations have top-down properties. Someone must decide how things will run.

The critical thing to remember is that all systems contain nudges; the decision facing the systems designer is whether these nudges will be chosen based on what science tells us about real human beings, or selected in some other way.

It is impossible not to nudge. Even the most libertarian cafeteria manager "meddles" in individual choice. Some type of food has to be placed first in the cafeteria line, and we know that this item will be chosen disproportionately. If it's vegetables, student health is promoted; otherwise, a lot of students will be nudged to eat unhealthy food. Either way, what students eat is, in part, a reflection of what the cafeteria manager does.

Systems designers sometimes attempt to free themselves of this responsibility by claiming no influence over individual choices—for instance, shouldn't students simply "want to be healthy?" And if they don't choose to eat well, well, that is too bad—survival of the fittest, right?

Because the responsibility of influencing others cannot be avoided, it might as well be met with the benefit of what science has taught us about human behavior.

Long ago, Psychologist B. F. Skinner argued that, once we understand the circumstances under which people can make choices that cause them (and those around them) to be happy and well, it is inhumane and unethical not to act on this knowledge. Skinner's 1948 novel Walden Two—which describes a "utopian" community founded on a scientific understanding of human behavior—is worth revisiting as an early argument for "libertarian paternalism." In the Walden Two community, no one is forced to do anything, including work, but the community is a system into which considerable thought about "nudges" has been invested. As a result, the residents routinely make choices that benefit both themselves and the community.

In a relatively few, but highly enjoyable pages, Thaler and Sunnstein expand on Skinner's utopian vision. They manage to be both idealistic and practical. Although not every governmental and societal problem that they analyze has a direct parallel in the business world, the general principles of systems design that Nudge advances are worth the consideration of every manager.

### OTHER BOOKS ON UNREASON:

Arielly, D. (2008). *Predictably irrational: The hidden forces that shape our decisions.* New York: HarperCollins. Brafman, O., & Brafman, R. (2008). Sway: The irresistible pull of irrational behavior. New York: Doubleday.

Hallinan, J.T. (2009). *Why we make mistakes.* New York: Doubleday.

Kida, T. (2006). *Don't believe everything you think.* New York: Promethius.

**Nudge:** *Improving Decisions about Health, Wealth, and Happiness*

Richard H. Thaler & Cass R. Sunstein

## [About ADI]

Regardless of your industry or expertise, one thing remains constant; people power your business. Since 1978 Aubrey Daniels International (ADI) has been dedicated to accelerating the business and safety performance of companies worldwide by using positive, practical approaches grounded in the science of behavior and engineered to ensure long-term sustainability. ADI provides clients with the tools and methodologies to help move people toward positive, results-driven accomplishments. Our clients accelerate strategy execution while fostering employee engagement and positive accountability at all levels of their organization.

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