

<Nudge Theory: A Case Study of the “Big Society policy framework” Focused on
Decentralisation/Localism in the UK >

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Introduction

The notion of “Big Society” is one of the core themes of the UK public policy agenda that was initiated out of a strong desire to shift the balance from the central government towards local communities (Alcock, 2012). This is because of a long-standing desire in the UK policy agenda to encourage public participation in communities (Great Britain, 2008). However, the UK’s coalition government explicitly set out the concept of the “Big Society” in 2010, which also includes the notion of “nudge” or “nudge theory” that principally focuses on encouraging behavioural change in people. Nudging is used subtly without putting restrictions on the freedom of choice of people. The concept of Big Society is centred on bringing changes in the relations between citizens and the government, especially by enhancing voluntary support and community action from the locals. In simple terms, instead of asking people that in order to live their lives they have to obey traditional policy tools of penalties, regulations and laws, the Big Society policy seeks to foster behavioural change by nudging the people in the correct direction. This essay intends to conduct a case study analysis based on the specific Big Society public policy in the United Kingdom underpinned by the nudge theory. The essay presents a literature review of this theory in the context of the UK’s Big Society policy framework. It also presents a case study and a critical analysis about the application of nudge theory in the United Kingdom.

Essay body

The UK “Big Society” public policy

A high degree of centralization has long been observed in the United Kingdom in the past century (Loughlin, 1986; MacKinnon, (2015). Due to the centralization of social life, media, and culture in the UK, localities have been over-dependent on the central government, both for policy, as well as finance. As a consequence, the central government frequently change its policies, and local authorities need to await the policy change so as to formulate their initiative accordingly (John & Richardson, 2012). The issue in such centralization is that due to the administrative complexity involved in centralization, it becomes extremely hard for the UK central government to effectively deliver policy objectives and outcomes. The United Kingdom resisted this centralization trend until the late 1990s when the Labour government came in power and struggled

to handle such a complex system with the effective delivery of its devolution policies (MacKinnon, 2015). Since May 2010, both Liberal Democrats and Conservatives formulated a new approach in an attempt to decentralise power to local areas. The main aim was to encourage citizens to get involved in providing public services, implement decentralization in health and education, execute public management reforms, and to reduce regulation. This is when David Cameron announced “The Big Society” policy framework in a famous speech, thereby calling for an alternative to the central government:

The Big Society is about a huge culture change... Their people, in their everyday lives, in their homes, in their neighbourhoods, and their workplace... don't always turn to officials, local authorities or central government for answers to the problems they face... But instead feel both free and powerful enough to help themselves and their own communities (Catney et al., 2014; p. 718).

The “Big Society” policy framework is also referred to as new localism with the focus to decentralize power to the UK citizens. It is a kind of taking responsibility, power, and decision-making from the state and giving it to the lowest possible tier of the government, neighbourhoods, and individuals (Evans, 2011). Such policy changes have been described as localism, devolution, or decentralization. Bartels et al. (2013) highlight that the plan of Big Society emphasizes on withdrawing public agencies and compensate spending by an increase in volunteering. This means that the new era of localism will provide volunteering training to the UK citizens, specifically young people, and provide financial support to social enterprises, charities, and cooperatives (Cabinet Office, 2010).

A handful of small programs were also embedded in the Big Society policy framework. For example, the *Big Lunch program* was introduced to build a sense of community in people that they open up their houses to their neighbours for sharing a meal (Lugosi, 2011). Around 1 million Great British pounds were distributed to 150 local areas to encourage locals to support issues they want to resolve (Balazard, 2017). The *Community Organisers Program* (COP) was initiated as a national training program and community organizing with an aim to train people. Another program titled *National Citizen Service* (NCS) was initiated to encourage teenagers so that during autumn, summer, and spring months, they get engaged in social action projects.

The Big Society policy framework also paved the way for the *Localism Act* (2011) which introduced new freedoms for the local government, for instance, putting an end to the standards regime, giving the right of general competence, creating dynamism and local government via political leadership support, and by promoting the term “localism”. John and Richardson (2012) highlight that community right to challenge had created a new opportunity for communities because they can now avail the right to challenge and take over public services, as well as acquire assets most important to their community. This implies that as such assets come up for a change or sale, then the community groups can intervene and challenge that process, and also have the right to give an offer to purchase the asset. The *Localism Act* (2011) is also considered as part of the “Big Society” policy framework. This is because the cornerstone of Big Society policy was to formulate a self-governing set of relationships in which the UK citizens are encouraged to initiate cooperation so as to assist themselves by delivering more services, thereby providing effective outcomes of the policy. The Big Society policy attempts to promote the active participation of citizens through far-reaching decentralisation of power. The *Localism Act* (2011) also seeks the same behaviour change in citizens so that they voluntarily and willingly do new things and self-start themselves in an attempt to tackle their own issues.

Nudge theory and its role in the policy framework

Hollands et al. (2013) and Thaler & Sunstein (2009) identify that citizen’s decision environment might be constructed in such a manner that it allows them to make more desirable choices. In terms of creating such an environment, *nudging* and more accurately, *nudge theory* has gained significant importance in the policy discourse. John (2013) argues that around the globe, local and central authorities increasingly find and debate over the utilisation of techniques relevant to nudging in a bid to achieve policy goals. From the perspective of policy-instrumentation, the *nudge theory* encourages little to no intervention from the government compared to more conventional tools of policy such as taxation and regulations etc.

The idea of *nudging* or *nudge theory* is born after many years of research in the field of behavioural sciences, and more precisely, behavioural economics. The discipline that “applies psychological insight into human behaviour to explain economic decision making” is called behavioural economics (Kuehnhanss, 2019). Sunstein and Reisch (2017) argue that humans are vulnerable to a host of biases, therefore, the most important decisions and choices make them more

miserable, less healthy, and poorer. In this regard, small nudges that are apparently subtle can be applied to render beneficial outcomes, that too without putting restrictions on the freedom of choice. Note that behavioural economics is different than conventional economics, which stresses the fact that human beings make rational decisions underpinned by self-interest to maximize welfare. However, in the context of policy analysis, it is wrong to assume that people are rational decision-makers or they always make rational decisions. This is because human behaviour is subjected to heuristics and systematic biases. Fobe et al. (2018) state “the human tendency to overemphasize immediate benefits relative to delayed benefits” (p. 4). Alemanno and Spina (2014) identify “omission bias” in which people do not involve in the act of doing something that is generally viewed less immoral or less harmful despite that their propensity of not doing results in the same harmful outcomes. All these facts give credence to the view that people have the propensity to run against their rational and best interests. This situation also raises concerns in the domain of policy discourse that if policies are constructed without taking this factor into account and assume that people are rational decision-makers, then it is highly likely that policies will not be able to achieve their preferred goals or outcomes.

Given this premise, it can be stated that *nudge theory* or the element of nudging to move people in the right direction can be applied in the policy discourse. In this regard, the concept of “nodality” presented in Hood’s famous NATO model (1986) is of significant importance to understand the concept of nudging (Fobe et al., 2018b). Based on the *nodality* concept, in the information networks, government possess a distinguishing position that can be utilized to influence the behaviour of citizens. On the contrary, nudges can also be utilized in a similar fashion of information usage so that citizens are nudged towards a specific policy goal (Bekker et al., 2015). This means that the government can use subtle nudges in an attempt to alter the behaviour of citizens towards beneficial policy outcomes. In this manner, societal behaviour can be changed by changing the organizational structure such as public-provisions or roads, by providing incentives and training and education specifically aimed at improvement in citizens’ decision-making skills, and other types of nudges.

Note that the *nudge theory* indirectly influences the perception or appeal of specific options by changing the choice environment. For example, in the context of policymaking for organ donation, Manzano and Pawson (2014) highlight that to increase utilization of organ donation,

rather than offering a direct incentive of payoffs, nudging can be used to provide incentives on the contrary i.e. by un-registering. This means that the government can increase organ donation utilization by changing the default choice environment of registration as donors. Hence, nudge theory or nudging within the policy discourse can be considered as policy instruments that are utilized to alter the choice architecture of citizens. That is to say, the physical or informational structure of the environment is altered or nudged, which puts an impact on the manner in which people make choices. As a matter of fact, it can be extremely hard to place nudges or use nudge theory within the framework of conventional public policies. In this context, the House of Lords has identified four types of nudges namely “1) provision of information, 2) changes to the physical environment, 3) changes to the default policy, and 4) the use of social norms and salience” (Fobe et al., 2018b; p. 6).

Case study of Nudge theory’s application in the UK’s Big Society policy framework

The United Kingdom is a relevant country in which the Big Society policy framework has been implemented in a combination of nudging or *nudge theory* so as to create an environment of empowering local people and communities. This case study agrees to the fact that the decentralization reforms introduced in the UK in the shape of Big Society policy were heavily dependent on behaviour changes of the people for their effective implementation. Big Society policy also aims to promote decentralization of power or localism in the UK by changing the behaviour of people as follows:

Behavioural Insights Team (BIT)

Behavioural Insights Team (BIT) was introduced in the United Kingdom by Cameron's conservative government in 2009. Quigley (2013) argues that BIT. is generally referred to as the “Nudged unit”. BIT members encourage the use of behavioural insights and successfully pioneered several reforms such as the utilization of energy by collaborating with the private sector in an attempt to try out various types of consumers’ incentives to change behaviour (Team, 2011, Oullier, 2013; Tyers et al., 2019). BIT also works on other areas such as charitable giving and smoking cessation, and vehicles licensing, etc. For example, the team worked a lot in terms of influencing the *Driver and Vehicle Licensing Agency (DVLA)* so that driving license renewals are persuaded to select in the event of the death whether they would agree to donate their organs (John & Richardson, 2012). BIT also worked in other domains to change behaviour such as to change

consumer empowerment strategy by working with the *Department for Business Innovation and Skills* (BIS), and on energy saving by working with the *Department of Energy and Climate Change* (DECC). The team concentrated on nudging to improve public policy by identifying low-cost measures. Strassheim et al. (2015) highlight the very important of behavioural insights because civil servants were obligated to get the training of behavioural insights being a central approach of the UK government. Nudging has been adopted so enthusiastically by the team that it has become the core of their operations. Additionally, BIT has also been working in the public health arena, making it one of its priority areas (Quigley, 2013).

Community Organizers Program (COP) and National Citizen Service (NCS)

The Big Society policy also introduced the important *Community Organizers Program* (COP). This program seeks to train 5000 community organizers over a period of four years (Reynolds & Grimshaw, 2019). The training was given to *Trainee Community Organizers* (TCOs) so that they hire and train additional 4500 *Volunteer Community Organisers* (VCOs). The main objective of TCOs was to work and collaborate closely with communities in low-income neighbourhoods so as to highlight leaders in the local area, identify opportunities and projects, and the probability of empowering the locals. The overall objective of COP revolves around supporting the Big Society policy framework and localism by collaborating with locals directly and helping raise the spirit of community, encouraging the action of local community, promoting indigenous leadership, and inspiring social and democratic change accordingly (Reynolds & Grimshaw, 2019). Another important program was the *National Citizen Service* (NCS) with an agenda to develop youth-led initiatives, especially by engaging 16 years old so that during the month of autumn, summer, and spring, they undertake social action projects (Murphy, 2014). It managed to provide 9000 places in 2011 for teenagers across England. Then it expanded to 26,003 places during the second phase in 2012. Around 75,595 young people took part in NCS in 2015 (Cameron & Stannard, 2017).

Nudging has been the most important attribute of all these programs which includes but not limited to providing community rewards against the improvements and household efficiency, nudging for charitable donations through ATM machines, and including charity pounds in the domain of restaurant bills. Kusters and Dee Heijden (2015) evaluated the success and failure of nudging in the United Kingdom, as well as in different countries around the globe. The authors highlighted that nudging has been a great success in the United Kingdom from many perspectives.

For example, in the context of money donations, nudging in recent donation choices and differences in the information provided in the UK produced highly positive outcomes with a difference of 270%. In the context of charitable giving, nudging in the shape of opting-out and opting-in produced positive outcomes with an increase of 43% in the UK. In the domain of repayment of court fines, nudging of personalized information resulted in a positive increase of 30% in the UK. In terms of paying outstanding tax liabilities, nudging type of simplifying letters resulted in a positive increase of 30%. In the household tax payments, nudging type of close peers versus distant ones resulted in somewhat 10% positive difference. In the milieu of food waste, food waste recycling-based house-to-house information led to somewhat 3% increase. For organ donation, nudging type of message design resulted in a positive 1% increase based on the message. All in all, the theme and policy of the Big Society have been continuously accompanied by the nudge theory in different domains of the United Kingdom environment so as to promote improved social inclusion, decentralization of power, and localism throughout the society. In this regard, it can be said that however huge and complex was the idea of Big Society, the nudging theory significantly contributed in changing the overall behaviour of British citizens so that they actively participate within their community settings rather than being passive citizens awaiting policy directives from the central government.

Critical analysis of nudging in the UK's Big Society policy

The issue of behaviour change

This essay agrees to the fact that decentralization reforms in a combination of nudging to promote the Big Society policy framework significantly rely on behaviour changes of citizens. However, more evidence-based research is required to encourage more engagement of citizens. John and Anderson (2012) argue the same that behaviour change interventions and the level of expertise both in the voluntary sector and the local government are insufficient and patchy because they are confined to a handful of organizations and innovator authorities. Therefore, it is highly likely that citizens' behaviour will only be moderately changed both from decentralized methods of delivering collective goods and services and from the direction of the central government. The main reason behind this assumption is that there is a dearth of knowledge concerning the exact relationship between the actions of the government, behaviours of citizens, and effective public outcomes. The trends in history also recommend that citizens do not essentially come forward quickly. Therefore, the Big Society policy should be based on a clear framework of behaviour

change policies. The field experiments conducted by John et al. (2013) tested nudging in an attempt to increase civic behaviour and found that it showed low cost, positive but moderate results.

Power and authority of the central government

Another challenge to the ambitions and rhetoric of the Big Society policy refers to the processes of commissioning and contracting. This is because alternative delivery agencies and organisations such as *Behavioural Insights Team (BIT)*, *Community Organisers Program (COP)*, and *National Citizenship Service (NCS)* have been selected as an arrangement which can be held accountable by the central government. This implies that the power and authority of the “Big State” is not substantially changed but the only change is the alternative names for delivering it. In this context, Evans (2011) argues that the big Society policies are nothing short of “management takeovers” in the corporate sector in the name of public authority employees. So, it might create new competitors in the subsisting marketplace of the public sector, however, it might not result in a significant change according to desired policy outcomes. Although the measures taken from the perspective of Big Society policy in a combination of nudging have produced positive results, the main issue with the line of argument is that currently placed decentralization measures might not be strong enough to produce broad-based positive outcomes. This is because the underlying power of the central government remains in place with a little bit changes and flexibility given to the organisations. Even though people would like to see localism progressing, it is still in the hands of the central government to access and use the traditional legal and financial levers at a moment’s notice.

Volunteering issue

Thirdly, to provide a cheaper alternative to public services, one of the critical working assumptions beneath the Big Society policy is the capability of voluntary organizations to hire and motivate volunteers. The government is right to say that the most important defining feature of Big Society is volunteering. This is because the good value for money can be offered by this sector in addition to the capability to add good value to the expense upon them. However, this essay perceives that the voluntary nature of this public policy should be carefully handled because of the respect associated with the voluntary nature of works. This is because they were once the government was collectively paying the professionals for the similar work, therefore, the voluntary nature for giving someone’s money and time as a gift can be exploited, and volunteers can be disinterested for carrying out the tasks for the well-being of others. Additionally, one should not

ignore that the voluntary nature of works deeply depends on the generosity, interest and availability of local residents compared to the levels and nature of actual service required. Coote (2010) also supports these arguments by critically highlighting that due to unequal socio-economic circumstances in a society such as the United Kingdom, voluntary participation of citizens casts doubts on the limited and unequally distributed volunteer action due to the inequalities in time, access and capacity. He writes:

Building this 'Big Society' depends crucially on people having enough time to engage in local action... In short, long hours, low wages and lack of control over how time is spent undermine a key premise of the 'Big Society', which is that social and financial gains will come from replacing paid with unpaid labour (p. 16-17).

Recommendations and generalisation

This essay recommends that effective and better evidence on nudging methods should be gathered on a broader scale. Moreover, in order to check nudging techniques and their corresponding effects on behaviour change, policymakers should conduct more randomized controlled trials. This essay also recommends that for a collaborative and smooth transfer of power to local communities apart from citizens nudging should also be applied on the local government policymakers. The policymakers should also work on delegating powers to local citizens so that citizens can effectively hold accountable those people, policymakers, volunteers, or organisations if they are not running the processes in the right manner. Additionally, more power should not be residing in the hands of local government or big organizations. Smaller organizations should also be empowered, especially with capacity at lower levels compared to local authorities.

While generalizing the Big Society policy and nudging techniques with other countries such as the United States, this essay observes that administrative agencies in the US have also been encouraged to draw on the insights of social and behavioural sciences during the processes of designing and implementing new directives (Alemanno & Spina, 2014). Indeed, these suggestions are not implemented automatically but they suggest that behaviourally informed approaches should be considered because they have their roots in the field of social sciences over many decades. According to OMB (2010): "with an accurate understanding of human behaviour, agencies would be in a position to suggest innovative, effective and low-cost methods of achieving regulatory goals" (p. 35). This clearly identifies that the Big Society policy alongside nudging can

be effectively applied to other countries around the globe which have an inclination for behaviour changes when designing and implementing new regulations.

Conclusion

This essay acknowledges that in the past century there has been a high degree of centralization in the United Kingdom. As a consequence, localities were overly dependent on the central government. This is how the idea of the big Society policy was born in 2010 by the coalition government so as to shift the balance from the central government towards local communities and to encourage citizens to participate in public services in their localities. The essay recognises that such policy changes can be described as localism, devolution, or decentralization. In order to contribute to the Big Society, the UK government introduced a few important programs namely the *Big Lunch Program*, *Behavioural Insights Team* (BIT), the *Community Organizers Program* (COP), *National Citizen Service* (NCS), and the *Localism Act* (2011). To create such an environment, *Nudge theory* has gained significant importance in the UK's policy discourse. This theory does not restrict the freedom of choice on people and changes their behaviour by applying small subtle nudges to render beneficial policy outcomes. In simple terms, *nudge theory* changes the choice environment for the people and indirectly influences their perception or appeal of specific options. The case study analysis of nudge theory in the UK's Big Society policy framework explains different programs (named above) in detail. The essay also highlights the complexity involved in the issue of behaviour change, power and authority of the central government, and the volunteering issue. The essay recommends that this policy framework can be applied and generalized on other countries such as the United States which draw on insights of social and behavioural sciences during the processes of designing and implementing new directives. Lastly, the essay provides a few noteworthy recommendations to gear up and better facilitate the big Society policy underpinned by the nudge theory.

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