Episode 91: Behaviourally Informed Organizations: Understanding What Works When & for Whom

with Dilip Soman, Professor of Marketing at the University of Toronto's Rotman School of Management, & Bing Feng, Manager of Behavioural Finance at TD Wealth.

In our second episode on the Behaviourally Informed Organizations partnership, Dilip Soman and Bing Feng tell us about international collaborations to reduce sludge in governments and work applying behavioural science to poverty reduction. Throughout, Dilip and Bing highlight the power of partnerships, the importance of context, new areas of research and application for behavioural science, and (of course) advice for embedding BI into organizations.

Transcript:

KIRSTIN APPELT, HOST: KIRSTIN APPELT, HOST: Welcome to this edition of Calling DIBS. I'm your host, Kirstin Appelt, Research Director with UBC Decision Insights for Business and Society or DIBS for short. Today, we're once again calling DIBS on Dilip Soman and Bing Feng, this time for part two of our conversation.

Among other titles, Dilip is a Professor of Marketing at the University of Toronto's Rotman School of Management. Most critically for this conversation, he was the lead and Project Director for Behaviourally Informed Organizations, a project by BEAR. Bing Feng is currently Manager of Behavioural Finance at TD Wealth and previously Project Manager of the BI-ORG partnership.

In part one of our conversation, Dilip and Bing told us the BI-ORG origin story and shared two impressive case studies which have improved both individual people's lives and the field of applied behavioural science. In episode two, we'll hear about additional case studies, reflections on BI-ORG, and what's next. Let's dive in.

A lot of government systems are legacy systems, and so they have sludge built into them. And so that's one of my favorite projects you've all really pioneered. And I know in the previous episode we talked a bit about the sludge framework and that episode is actually now required listening for folks in our introductory BI class, because I think it's just so important for anyone working in the space. But I was hoping Bing maybe you could recap the idea of sludge and explain some of the work you did as part of the BI-ORG partnership.

BING FENG, GUEST: For sure. It's also actually one of my favorite projects as well. So this project actually started at BEAR, locally here in Canada, but you know, the insights and impact actually travel far away.

So it started as a summer internship project that I supervised back in 2019. So the original idea was inspired by comments from Richard Thaler around that time. So he made comments around, you know, the need for organizations to see and measure sludge. For those of you who might not remember, sludge is essentially the excessive frictions that make it harder for people to do what they wanted to do. Things like complicated forms, or long wait times, or unnecessary bureaucracy, or sometimes, as you mentioned, Kirstin, too much information, right? And of course, sludge can be deliberate, but also it doesn't have to be, right?

So in the early days when we were working on this summer project, we identified three main drivers of sludge, namely communication, process, and inclusivity. And around the same time, Dilip Soman and the BI-ORG research Jiaying Zhao, they were also working on an academic paper where they showed that the same cognitive factors, like attention and salience that facilitated nudging, were also the ones that contributed to sludge. So, cognitively speaking, nudge and sludge look like the two ends of the spectrum.

So speaking earlier on, right, so during the five year of BI-ORG partnership, there are days we have to adjust the way we work. After we finish this white paper the pandemic hit, so we actually have to adjust the some of the activities to online activities. So we actually hosted an online roundtable discussion on sludge to bring together practitioners and researchers to share ideas. And then later in 2022, pandemic has been gone and then back to normal, so part of the BEAR team actually visited the New South Wales government, their Behavioural Insights team in Sydney, Australia, and supported their work on talking the seeing sludge idea and also creating practical and concrete guides and measurement tools for them. So the sludge work even got caught by the attention of the OECD team, which went on to create a global sludge academy.

So closer to home, BEAR continued working with the organizations like ESDC, that is Ministry of Employment and Social Development of Canada and, Save the Children to help identify and clean up the sludge. When we look back, the impact has been significant. So ideas from BI-Org and this project have been picked up by, you know, international organizations like, New South Wales government and OECD, and also have really contributed to creating a movement around reducing sludge globally.

APPELT: Yeah, that work is so powerful, and it's almost meta that with the work that you did with New South Wales and OECD, you almost desludged how to get rid of sludge. So you made it easy for various organizations and, you know, I call that government, but I should say it's not just government. All organizations have sludge, whether intentional or unintentional.

UBC is famous. To get parking, there's about five different web pages you have to visit in sequence, so there's all kinds of sludge out there, but just it's one of those things where it's often hard for the organization to make it easy for the end user, and having these tools, the sludge academy and all the guides that the New South Wales team has, and they've got them broken down by different types of communications and organizations. I think it just makes it so easy, and it makes me hopeful for the future of interacting with organizations.

So another exciting area, and I think from my outside perspective is this is some of the most recent work is on the topic of cash transfers, so I'm wondering if you can share a bit about that work.

DILIP SOMAN, GUEST: The origin of this work is again at the confluence of research interests of some of the faculty and who are partners were. And so in particular, I'd been doing some work in the Global South on savings rates. Your colleague Jiaying who we just spoke about a few minutes ago as well on sludge has been working on cash transfer programs. And so we got talking to World Bank, who was one of our BI-Org partners, [INAUDIBLE] in particular, were also very active in sort of this whole poverty alleviation space.

And so again, to echo a common theme, since we were all at home in 2020, 2021, we put together, we had a mailing list that culminated in an online conference on how behavioural science can contribute to poverty alleviation efforts. And, Kristin, I've been to many, many conferences. There was none as good as that one, right? And I think the reason why it was so, so amazing was that it was actually the first time, really, that we had the confluence of behavioural science and poverty alleviation.

A lot of people that work in that space either are economists who sort of think about traditional economic interventions or policy folks, and it wasn't very common for behavioural scientists to be involved in actually being in the field and doing poverty alleviation work. So we had some amazing people doing some really amazing work there, but I think a lot of the time was spent not so much in showcasing what had been done as in coming up with ideas.

And so one of the big ideas that came out was this whole notion of how do we put a slightly more pragmatic, process based behavioural framework on cash transfers, right? So cash transfers, for those of you who don't know, it's essentially welfare money that the government might make eligible citizens receive. And depending on what that social purpose is, it could be to educate children, it could be for health or whatever else. You know, the dollar amounts are usually different, and there's a process by which the government decides who's eligible and who's not.

And the popular discourse in Ottawa or Washington DC or whatever else is that the main driver of interest is how many dollars are you going to put in people's pockets? What is each eligible citizen going to get, right? And we said maybe that's not the only thing that matters, right? We need to think about how we targeting the right people? What are we doing to maximize the likelihood that the dollars actually reach them, that they take up the money?

One of the biggest challenges in welfare programs is a lot of people who are eligible to receive welfare just don't take it, right? And for all kinds of reasons. One of them is, again, sludge, but it's not just that sometimes it's psychologically aversive to take money for some people, and they feel like the spotlight is on them, and they feel like they don't want the world to know that they need welfare. So there's all kinds of reasons why, so we started saying, well, let's look at the targeting. Are we getting the right people? Are we increasing the take up rates? Are we efficient with converting the dollars into impact? So do people know how to spend the money to maximize the impact, right? Does it matter whether or not the cash transfer program is what we call unconditional, which is once you meet the criteria, I'm going to give you the cash versus conditional, where at the end of every six months, I want you to file a report saying how you use the money, right?

And so all of this is to say we started building this bigger framework of looking at each micro stage of the entire process and thinking through behavioural factors that would change the success of the program. And I think that framework sort of resulted in a lot of interesting follow up work. There was obviously partners that actually use the framework, but then there were others who sort of said, well, yeah, I maybe I can understand now why certain programs worked well in the Global South, but not in the global north, because you can now start seeing what was different across different stage of the pipeline.

And so a lot of that work is still ongoing, honestly. We've been trying to run some field projects in this space, but, you know, we had a beautiful book that came out, Cash Transfer for Inclusive Societies. And I think clearly there was interest that was sparked, so we had events in places as far away as India and Sri Lanka and Vietnam talking about the book. When we did the book launch, we had a couple of our sitting senators who participated. So clearly, I think there's been a lot of impact, and I think the way I would characterize this impact is that we were able to bring behavioural science to a policy and welfare arena that traditionally hadn't used behavioural science in thinking about this instrument.

So yeah, a lot work ongoing, but I think I'm excited by the fact that the book and some of the early work in the space that BI-Org did was the catalyst for what's happening now.

APPELT: Yeah, this work is exciting and, like you said, has so much potential for impact. And it strikes me as it also relates back to what I think was our second project around segmentation is, I think a lot of times people

treat folks in poverty as a behemoth monolith instead of breaking it into two different folks having different barriers. And so going again to the idea of heterogeneity and segmentation.

Well this is just a small sampling of the work Bi-Org has done because otherwise it would be a multiple hour podcast, which maybe would be a little long for folks. And I mean, we're already starting to get a sense of some of the learnings that came from across the projects, and I know you published numerous books and white papers, and there's lessons about the BI in the wild and what works when and impacts of context. Can you elaborate maybe on some of those lessons? I know we've touched on them, but maybe we could get a little more granular.

FENG: From a lens of that organization's journey towards becoming behaviourally informed, there are three main lessons.

So the first one is around adoption challenges. So this is more true for organizations just starting out with their behavioural science practices. Adoption can be very tricky due to, you know, psychological or organizational barriers, right? So in our work, we found that, for some organizations, it's actually helpful to begin with easy sell. So things like start with, you know, internal behaviour science consulting practices. So those practices can help build some small and low cost quick wins in the early stage. And those early wins and quick wins can help earn credibility and pave the ways for tackling bigger and larger complex projects later on.

The second lesson is around exploring other roles behaviour science can play beyond solving the last mile problems. So for organizations ready to grow their behavioural science capability, the key is to move upstream. So beyond solving the last mile problem, behavioural science can also influence the product design, audit the processes for sludge, and they can also shape the strategies in that organization as well. So think behavioural science as the designers, auditors and strategists. So this shift can have a transformative impact on how an organization operates using their behavioural science tools.

The last lesson is around the cost of experimentation and building a culture of evidence. So as organizations mature in this space, building a culture of evidence becomes even more important, so investing in infrastructures and creating "what works" databases can definitely help reduce the cost of experimentation. But equally important is fostering an adaptive mindset by maybe reframing the failure as a learning opportunity. So this approach may, you know, encourage innovation and support a culture of experimentation. So those are just like a three quick learns from a practical perspective, and back to you Dilip.

SOMAN: Yeah, so I want to sort of focus on a couple of things, one of which we've spoken about, which is heterogeneity. And I think, we've learned that a lot of interventions that work in nuanced ways. And what I mean by that is they might work particularly well for some groups and not as well for other groups, and so there's obviously heterogeneity across people. Different people react to the same the same situation, the same intervention differently, right?

There's two other kinds of heterogeneity that we need to think about, and that's heterogeneity in situation. And I think this is an important one, right? So we've known for example in marketing for years and years that people are different from each other, that's easy. But we also now know from behavioural science that people are different from themselves as a function of situation, right? Like you make decisions differently on a weekday versus a weekend, or when you're with family versus alone or in person or online. Now we know all of that. And so we need to start building in a better understanding of, under which situation are particular interventions most successful and when they're not, so I think that's the second kind of heterogeneity.

I think the third kind of heterogeneity that we need to start worrying about is heterogeneity over time. So one of the things we've learned across our various projects is that there are some interventions where you get an immediate big bang result, and then it decays over time. There are others when nothing happens for the first couple of weeks, and then you start seeing results, right?

And I think in our culture in A/B testing, if you want to call it that or randomized controlled trials, is to do the intervention and then just see what happens at the end and then we are done, we pack our bags and off we go. And that systematically favors us interventions where you get the quick win kind of early impact results, but not the ones in which, you know, it takes a couple of weeks or perhaps even longer, for the intervention to work. So I think we need to start building a theory of those three kinds of heterogeneity.

Now, having said that, I think there's two sort of follow up things that I want to touch on. One is it is now easy to see why we sometimes, not sometimes, quite a few times, get results that don't replicate in applied science. It's, I probably did a study, where I brought people into a lab, we sat face to face, I measured right at the end of the lab session what the reaction was, I got an effect. Perhaps Kirstin you did one in which your messaging was done online, and you measured a week after the fact, and you wouldn't get the same effect. We were actually, in essence, doing two separate experiments that were not related at all. You might have used the same intervention as me, but the structure of that experiment was completely different. So I think it helps explain why our results aren't portable, right?

Now this again itself is not new. We've been in situations where, you know, you and I have different results, and we talk to each other and we say, what the hell happened? And we just kind of conclude, yeah, your context was different from mine, and we leave it at that. And I think it's now time for us to start building a theory of context.

And so as the first step towards that, one of the BI-Org white papers documents something called the Elements of Context, right? It's essentially a rubric of everything that we know from past research has influenced the success of interventions. Whether you collect data online or in person, whether you deliver the intervention through an app or website, all these little things.

So one of the things that I think the field now needs to start doing is to systematically document both the context and then the result. And ideally, if we could actually come up with a way in which we can start devising a score for how different your context is from mine, we can now start saying, geez, if that score is large, we need to test again to make sure. If the score is perfectly, it's a great match, then maybe it's the same context, we don't need to worry as much, right? So I think again, that might be a great pragmatic way to think about it. So that's one.

I think the other thing to think about is, as scientists, I think we need to start doing things a little bit differently, right? And what I mean by that is oftentimes we do a bunch of experiments to, I don't know, come up with some phenomenon, and we say stuff like loss aversion, and we show five experiments for loss aversion or mental accounting or whatever it is X effect Y effect. What about if we started playing around with how we test for the effect? What about if we start playing with the context, right? And so a nice way of thinking about this is instead of just showing that an effect happens versus doesn't happen, can we show where it happens and when it happens as opposed to whether or not, right.

I remember being on a plane ride to I think it was Australia, and somebody sitting next to me said "do you know if Australia is a warm country, or is it going to be warm in Australia?". It struck me as such a meaningless question. It depends on which part of Australia, right? It's kind of like asking is Canada, like, what's the average elevation in Canada? That's a stupid question, right? It depends on if you're west or east, and I think we need

to start doing that with all of our findings, right? Things like loss aversion works in particular when these conditions meet, but perhaps not as much as... And that's what I mean by behavioural science as cartography, and I think as a science, we need to start pushing towards that as our take away, as opposed to just documenting that an effect works. I could go on and on, but let's not go into your multiple hour podcast. But I think to me those two would be the big the big takeaways theoretically.

APPELT: Yeah, I love that, and I think it also speaks to what Bing was saying when talking about when an organization adopts BI and you start with the low hanging fruit and over time you do more. Same with the field, you know, we started with some of the low hanging fruit, and now it's not just yes no, but the how and why. And I think we have your next SSHRC partnership grant on bears and something about like bears in different habitats, different seasons, we can get some good BI word play.

So before we give you a new multi-year research agenda, which you already have, you're wrapping up five amazing years at BI-Org. Were there any other big takeaways outside of the laundry list you've, you've just provided?

FENG: I think for me, the biggest the takeaway is the power of partnership. Looking back now, it's really hard to believe that we pulled off a partnership across 45 to 50 different entities for a full five years, but that's only because everyone saw the value of behavioural science. They're so passionate about it, and they see the value of working together. And what's more exciting is that even though the formal partnership has ended, the connections and the community have formed among the members from, you know, different researchers, organizations and special interest groups, they continue to deepen and thrive.

SOMAN: Yeah, I'll build on that partnership idea, and I think I want to maybe just go down the rabbit hole a little bit in terms of the context of academia and how partnerships can help. I think as academics, we've tended to, yeah, we stick to our silo. We stick in our offices, and we come up with ideas and we work with our lab and, you know, our research group. I mean, obviously, you know, in BI-Org, we had industry and academic partnerships, but even if I ignore industry, which I can't, the 23 of us that were academic partners, I think learned so much from each other. And I do think that there are there are things that, you know, we think will move from here.

So, you know, things like we experimented with many labs, so could we test the same idea across these different research groups? And we're not the only ones to do it, but I think I hope we see a lot more of these mini lab partnerships. So we participated along with Katy Milkman's group and Angela Duckworth's group, the BCFG at Wharton, on mega experiments. And I hope we see more of that or even adversarial collaborations. We didn't do many of those, but you can imagine a world in which you and I find different results, and we say, well, let's get together and test it together. So I'd love to see more of those happening, and I think you know that the whole power of partnerships is something that I would wholeheartedly echo.

APPELT: Yeah, it really strikes me, this idea of just the growing complexity and moving from the kind of simple one on one partnerships to this, you know, like similar in biology, we used to talk about food chains and now there's food webs, and then you think about the whole ecosystem. There's, it feels like now that we're becoming more mature as a field, we're able to explore some of these other partnerships and really leverage all the richness that's there.

So we've already heard quite a bit about the impact, you know, things like the sludge academy are such a testament to the work of BI-Org, but beyond some of these specific examples, what do you hope is the legacy of BI-Org going forward?

SOMAN: That's an easy one for me. I think it's the people. So I think we were able to I mean, obviously there's your traditional doctoral students who came through and worked on really interesting projects and the post-docs and so on and so forth. But I think the ability to develop almost a new subspecies of people who know how to get things done and how organizations work and understand the science, that was something that I'm particularly proud of.

And so whether people came to us from academia or from practice, I think each one of them took a little bit of the other world away, and I think like to me that was that was it. And I think the alumni from BI-Org have now gone on to work some in academia, some in practice, but are doing some really interesting, applied, impactful work. That's the biggest legacy. There's obviously the books and the papers and all of that, but to me, the people it.

FENG: Totally agree on that, the people. I think many of us came to the partnership from a business background, but through the partnership, we understand how it can be more scientific and be more evidence based than when we practice, or solving the business problems. On the flip side, many others came from academia, as the Dilip mentioned. Now they know how to function as a scientist in the government or industry entity.

And more generally, I think BI-Org allowed a healthy appreciation of the challenges faced in the wild and equip the people to propose scientific solutions to those challenges. So nowadays, for example, if I speak to BI-Org alumni who might be in academia, consulting or financial services, design or government, you name it. So the BI-Org flavor of being scientific yet pragmatic is very apparent.

APPELT: Yeah, it strikes me as this unique opportunity for folks to get cross training so you can speak to both sides of the house or even within one person, both sides of the work they do. Because, you know, we all do have our own jargons in academia and business, in different organizations, and being able to have those conversations coming out of these partnerships, it's just going to bear fruit for years and years to come.

Well, thinking of what's to come, I'm curious to hear what's next, whether that's specifically for you or where you'd like to see the field of applied behavioural science go. Looking ahead, what do you want to see?

FENG: I think for me after five years with BEAR and almost five years with the BI-Org partnership, I have had the privilege of exploring the breadth of applied behavioural science in many, many different industries. So now I'm focusing on applied behavioural science within a specific industry, the financial services.

So as the manager of the Behavioural Finance team at TD Wealth, I'm eager to dive deeper into how behavioural science can actually drive meaningful change in the areas like financial decision making, client engagement, colleague and client experiences, etc. So my goal is to continue fostering the collaborative spirit from the Behaviourally Informed Organizations partnership, and blending the scientific rigor with the business mindset to create impact in this space.

SOMAN: Yeah, I'll add a couple of things, sort of purely from my personal perspective, but they build on stuff we've spoken about before.

So one of the things that I'd like to see more often that I'd like to do a bit more work on is better using newer tools like machine learning in not just the analysis of data, but also hypothesis generation and, you know, finding a better generalization. So how can we better, you know, ride the wave of what's happening in the data world, in the machine learning world as behavioural scientists would be one.

I think the other thing that we briefly spoke about earlier was this whole notion of replication versus generalizability and cartography, and that's something I'd like to push for a little bit. I think we need a bit more of a culture shift in the field to report generalizability. And so I think, you know, just thinking through what that might look like or what's a good way to encourage or incentivize generalizability. Those are the two questions that I think I will be occupied with for the next little while.

APPELT: Nice, I'm seeing, Bing, in what you were talking about, it's really leveraging all the lessons from the BI-Org work, like just really applied to the work you're doing at TD Wealth, so that's really neat to see that through line. And then Dilip, yeah, the idea of leveraging new tools, and I love the metaphor of BI as cartography and better understanding that. So I think lots-- the best is not behind us, there's still so much BI to do. So lots of opportunities.

On that note, some of our podcast listeners are folks who are newer to the field of behavioural science, so any message to folks who are new in the field and just getting their legs under them?

FENG: I have an easy one to start with. Check out the BI-Org website. It's a great starting point to know which organizations have their behavioural science team, and who are the top researchers in this field. And then if you, you know, you can also follow their work, if you're thinking about building a career in this space. And also like not just the list of people and organizations, there are also so many great resources archived on the website. And so even for me, I still visit the site from time to time nowadays to reread some of the white paper frameworks for inspiration in my current job.

And the other thing is like, just like to build on my personal experiences, you know, the first project I started from back in the summer as the MBA summer lead, and the other summer projects I supervised, you know. If you are a practitioner in training, don't underestimate your idea or small projects. Even the smallest or simplest idea or project, it can lead to big outcomes, so you never know, right, what kind of impact you might end up creating, so don't hold back.

SOMAN: Yeah, I'll echo that. I think the one thing I do realize is that there are just so many opportunities today for young behavioural scientists I think. Back in the day, if you did behavioural science, you were in a university, and today you don't have to be in a university. You could be in applied behaviour scientists in industry. You could be in government. So lots of options, lots of questions.

But I think more importantly, lots of new tools, and so I think, yes, you know, learn from what other people did before you, but see if it can be extended. Are there newer methodologies you could use or newer techniques finalizing data? And there's probably a whole lot of new data sources waiting to be exploited. So, yeah, it's an exciting time to be in the field, so welcome!

APPELT: That's perfect. And Bing I'll do you one better. Don't just check out the website, bookmark it. I know I've got the BI-Org website bookmarked and go back all the time to check out some of the different resources. Yeah, and I think those are the perfect messages to end on. Kind of, one of the catchphrases of the field has been small tweaks can have big impacts, and I think Bing your ideas, an idea that seems small can have huge, huge ripple effects, so I love that message.

Well, any last thoughts? Any questions I should have asked and didn't, or anything else you want to share?

SOMAN: No questions, but I do want to compliment you and everybody in British Columbia for the amazing stuff you have done over the past so many years. So I remember when, many years back when folks reached out to BEAR and I'm like, you should talk to Kirstin. There's people in your backyard. But it's just been amazing

to see all of the stuff that you have done, both at UBC and in the province, more largely, so congratulations on that.

APPELT: Aw, well thank you. Like you said, going back to the multilateral partnerships and being able to learn from each other and leverage all of your learnings have been hugely helpful, and excited for a new opportunities as we look forward to some new grants and things, there might be some new opportunities.

Well, thank you both so much for joining. I had an expectation for this conversation, but it vastly exceeded that expectation. It's just been so interesting to get more details on these projects and fun to get some of the color beyond just what you read in a white paper. So thank you for all the work you've done in this space.

Just kind of turning that compliment back on you, Dilip, there's your work at BEAR, BI-ORG, and in your various other roles, Privy Council Office, University of Toronto. And Bing, your work at TD and both of you have contributed to the certificate, so you've had a huge impact on the field, and we're excited to see what more you do with all these new ideas around, the BI cartography and working in the financial space. Excited to see what's next. So thank you for all of that and for joining today.

SOMAN: Thank you so much.

FENG: Thank you.

APPELT: And thanks to our listeners for joining another episode of Calling DIBS.