

Lesson 18

Implications of Psychological Research for the Economy



Lesson Objectives

- All students **will** describe how psychology can benefit the economy.
- All students **should** explain how the findings of specific research studies can be used to benefit the economy.
- All students **could** evaluate the implications of psychological research for the economy.

Key Word

- Economy
- Implications

Extension activity:

- Read more about the work of the 'Nudge Unit' in the following article from The Guardian: <https://www.theguardian.com/public-leaders-network/2015/jul/23/rise-nudge-unit-politicians-human-behaviour> You can also visit their website for more detailed reports of their work: <https://www.bi.team>



Questions to guide your thinking...

- In what ways might psychological research influence the economy?
- What is the 'nudge unit' and what do they do?
- Can you use specific examples of research to explain how psychology might affect the economy?

Psychology and the Economy

One of the wider concerns for psychology, as well as for science in general, is what the implications of research are for the economy.

By '**economy**' we mean the production, distribution and consumption of goods and services.

By '**implications**', we mean how psychological research influences, affects, benefits or reduces our economic prosperity.

In recent years, there has been an increased emphasis on the potential impact of research when awarding research grants and assessing the quality of research (e.g. in peer review). It is believed that psychology has a responsibility for the development, promotion and application of knowledge for the public good, including contributing to a better economy.

Moreover, government departments, service providers, businesses and others using psychology to tackle social problems and change people's behaviour are inevitably concerned with the economic value of research – will the practical application of research be cost effective? Cutting costs for the NHS, making more people available for work, improving policing methods and prison services are just some of the ways in which psychology could benefit the economy.

The 'Nudge Unit'

The Nudge Unit is the name given to the **Behavioural Insights Team**, an organization that was set up in 2010 with the aim of applying psychology to government policies (although it is now independent of the government). Its aim is to change behaviour one small step at a time (i.e. to 'nudge' people into making small changes because they are more achievable).



For example, the Nudge Unit has devised projects to get people to sign up to organ donation or give blood, to give more time and money to charity and to reduce food waste.

The following extract from one of their reports explains how they successfully encouraged people to pay their taxes on time:

Insight 5: Tell people what others are doing.

Social norms are the behavioural expectations, values and behaviours within a particular society or group. In other words, human beings are strongly influenced by what those around them are doing. Social norms offer often implicit guides to our behaviour within society, and have a very strong influence on how we respond to different situations. Most people in the UK do not commit fraud because they have a very strong sense of moral obligation, justice and fairness, which is shared by those around them. There is, in other words, a strong social norm against committing acts of fraud and avoiding paying debts.

We can use this knowledge to reinforce individuals' underlying motivations by using 'descriptive norms' which simply describe what most people are doing, so that people are made explicitly aware of other people's good behaviour. This has been demonstrated to be effective in encouraging recycling, energy and water efficiency, and reducing littering...[T]he Behavioural Insights Team and HMRC have been pioneering the use of descriptive norms to encourage people to pay their tax debts in the UK. These simply stated that 9 out of 10 people in an area had already paid their tax, and resulted in substantial increases in tax repayments compared with the control group.

Evaluation

The relationship between psychology and the economy raises ethical and political concerns. For example, while the projects of the Behavioural Insights Team so far seem fairly innocuous (e.g. nudging people into switching energy suppliers to save money or pay more off their credit cards), it has been suggested that such use of psychology by governments amounts to **paternalism**: restricting people's freedom to make them act in their own best interests, according to the State (The Economist, 2014).



A stronger argument is that the use of therapies and other practices to modify people's behaviour and make them more productive members of society represents a move to an Orwellian society where psychological knowledge is a means of **social control**, used to coerce and manipulate people (Proctor, 2005).

Given that the Code of Ethics of the British Psychological Society is founded on the principle of respect for people's dignity, as well as the principle of integrity, it could be argued that it would be better to see the end of the profession of psychology than see it become a force for social control. On the other hand, Joseph (2007) argues that psychology is inescapably political and that psychologists must learn to think more critically about the impact they have on people's lives:

Part of our role as individuals within the organisations we work, and as a profession within society, is to influence the world around us ...As the profession of psychology increasingly realises that it cannot escape the fact that it has a political agenda whether it likes it or not, there is little choice but to engage the best we can in social issues (Joseph, 2007: 421).

➤ Using the commentary above, **write an evaluation paragraph** for the topic: