

Nudge Theory vs. Inspiration Economy Labs- Comparing the Depth of Influence on Socio-Economics Behaviours

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Abstract Behavioural Economics have been developing rapidly in the last few decades that almost controls all the new presented democratic economies. With the more acknowledgement of Noble Prize to libertarian paternalism economics, shortly called nudge, this behavioural applied economics field have given hope for new coming economies as Inspiration Economy. In this comparative study paper we shall compare the concepts, the principles and the applications of “Nudge” verses that of “Inspiration Economy Labs”. The psychology of both nudge and inspiration economies are also compared and then linked to the mechanism each use in creating a type of social engineering. The paper discusses the differentiated results of the two concepts of behavioural economic pros and cons and how researchers and practitioners of both can benefit from their lesson learned and clear achievements. The researcher recommends more work to be continued in this line due to the richness of the data available and the need of all the socio-economies to utilize these multiple disciplined driven concepts further in more applications that lead to the improvement of communities’ quality of life and in the way the human mindset is utilised.

Keywords Behavioural Economics, Nudge, Inspiration Economy Lab, Social Engineering, Socio-Economy, Influencing without Power

1. Introduction

Traditional socio-economic policies, practices and processes and all their instruments shown in few centuries to be enough for the development of human achievements. Nudge is a collection of ideas from one way of thinking, IE Labs is different ways of thinking using a exploration and discovery technique with visualised goals. (Kahneman, 2011).

Sugden (2009) reviewed how Thaler became known for is the concept of the “nudge,” which is a small change to someone’s environment that can have a big influence on their behaviour in economic situations. Nudge as coined by Thaler explain how small interventions can encourage individuals to make different decisions. Nudges can, however, be manipulative, to the detriment of individuals. (Wilkinson, 2013).

The most famous example of a nudge is forcing people to “opt out” of default options, triggers researchers as the author and those been practicing complex problems solving to wonder what’s wrong with the more advanced tools that

made their popularity delayed when compared to Nudge. In order to understanding this dilemma, in this paper specifically we target to compare the Nudge with Inspiration Economy Labs. The would be carried first through reviewing the literature of the two concepts and more deeply through analysing the characteristics of both by comparing their similarities and differences.

2. Literature Review

2.1. Behavioural Economics

Behavioural economics incorporates the study of psychology into the analysis of the decision-making behind an economic outcome, such as the factors leading up to a consumer buying one product instead of another. Behavioural economics, along with the related sub-field behavioural finance, studies the effects of psychological, social, cognitive, and emotional factors on the economic decisions of individuals and institutions and the consequences for market prices, returns, and resource allocation. (Sunstein, 2015). Even though the field of behavioural economics became widely known through (2017) Noble prize winner Richard Thaler, there are other notable Nobel laureates as Gary Becker (motives, consumer mistakes; 1992), Herbert Simon (bounded rationality; 1978), Daniel Kahneman (illusion of validity, anchoring bias; 2002) and George Akerlof (procrastination; 2001) who had done

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many great work that added to the importance of this field directly and indirectly.

2.2. Defining Nudge Theory

The concept is a relatively subtle policy shift that encourages people to make decisions that are in their broad self-interest. Nudge as Richard Thaler and Cass Sunstein (2008) "By knowing how people think, we can make it easier for them to choose what is best for them, their families and society". It's not about penalising people financially if they don't act in certain way. It's about making it easier for them to make a certain decision. (Cambridge Dictionary, 2018; Sugden, 2009).

Over the past few decades, there have been many improvements made on the way that consumer behaviour is analyzed. One of the more recent concepts on consumer behaviour is known as nudge theory. (Hansen, 2016).

2.3. Defining Inspiration Economy

One of the best contemporary focused work on Inspiration was explored by Thrash and Elliot (2004) where it was defined as a state of transmission of newly appreciated qualities of a particular object based on creative ideas that would lead to a creative invention or a tangible product and/or service. Recent studies explore how inspiration approaches can effect transformations from being situational, to becoming self-driving forces that use the intrinsic powers, cognitive and non-cognitive to create a differentiated value added solutions, especially during times of challenges and failures (Buheji, 2016).

Inspiration economy that focuses on raising the capacity of discovering the potential of human beings' abilities to be the currency of competition and source of a planned outcome and legacy. Thus Inspiration Economy (IE) is a mix of many disciplines that lead to inspiration practices that motivate the spirit to a level that creates waves of inspiration in socio-economic development.

2.4. Defining Management of Opportunity

Opportunity is defined as the potential insight for better change, or improvement that come from the actions that comes from the circumstances, or environment conditions faced (Hansen, 2016). Opportunities thus found be many researchers and practitioners to bring in spirit of positivity and to offer potential for personal development. Opportunities help to bring in both an entrepreneurial and socio-behavioural processes that depends on interaction with the surrounding environment. Thus opportunities are effectively managed an improvement to socio-economic change efforts can occur from action. (Buheji and Ahmed, 2017a)

2.5. Exploiting and Monopolising the Opportunity

Both Nudge and Inspiration Economy work on exploiting and monopolising opportunities. Discovering and monopolising opportunities depends on cognitive abilities

and interaction with new services, new products and ideas from external environment. It also focuses on business planning prior to the exploitation of opportunity where risks are handled by predicting the future. (Buheji, 2018b; Ariely, 2008).

Development of linear planning and rational thinking over social factors strengthen the opportunity outcome (Shane, 2000). Once the opportunity is ready it can be exploited and monopolised. Hisaka (2015) mentioned that opportunities are usually hidden inside three common problems. They are hidden in qualified leads, in investigative curious research and in prospects with personalized information. Most potential hidden opportunities are considered complex when it involves the public or the community change of mindset, due to the complexity of communication and the network setting. Buheji (2018b).

For IE labs, the opportunity would lead to an inspiration currency which enhance the power to inspire. Having a strong currency means that you can create an influence with it, or even you can drive change through utilising it effectively (Cialdini, 1998). Cohen-bradford has set a model in (2005) that can be used for inspiration currency enhancement through focusing on the big picture (vision), excellence practices and values.

2.6. Psychology of Nudge and Inspiration Economy Labs

Nudge is emblematic of a series of high profile texts from mainly American authors (Ariely, 2008; Cialdini, 1998; Shiller, 2005) who explore the importance of behavioural and psychological factors in shaping social, environmental and economic decisions and outcomes. At the heart of these texts is a critique of economic theory which is based on rational assumptions; these authors argue that social and behavioural factors matter, and in particular expound arguments around the significance of a human being's bounded rationality. In making choices humans do not have 'full attention, perfect information, unimpaired cognitive ability and complete self-control' (Sugden, 2009).

Inspiration Economy Labs, similar to Nudge, they come mainly from two fields Psychology and Economic. Economic theories are built usually on the basis of addressing how humans can make decisions. However, over the last three decades, there has been a large development with relevance to positive psychology and socio-economic behaviours.

Behavioural economics theories such as happiness, wellbeing and inspiration started to build common psychological bridges with other experiential economies concepts. All these activities promote divergent thinking as they are linked to attempts of discovery. This type of attempts help people mitigate challenges, overcome failures, break their fear of taking risks, build persistent personalities and have a strong ability to learn and adapt. Vosburg (1998) explored how improvement of divergent thinking helps us to move beyond the quality of ideas.

Thus, for Inspiration Labs, this type of thinking produces

standardised life exams while divergent thinking uses lifelong learning practices that open up a variety of potential unseen opportunities. Lieberman (1965) mentioned five traits of such convergent thinking that can add value to inspiration model development. Convergent thinking found to be of physical, social, cognitive advantage.

2.7. Applications of Nudge and Inspiration Economy

According to Behavioural Economics, nudging is the process of influencing consumers' behaviour in predictable ways by changing the choice architecture. To be considered as a nudge, the intervention should not restrict the available options. Also, the intervention should not bring about significant change in the economic benefit to the consumer. In this article, I have attempted to cite few examples of nudges that I have observed. (Ariely, 2008).

The UK government followed by USA established nudge units to apply certain practices in the government. One of the practices was re-writing tax reminder letters using principles of behavioural economics, which it said helped to bring forward more than £200m for the government in one year. (Sanders and Halpern, 2014). Chakraborty (2008) mentioned how David Cameron in 2010 tried to improve public services and save money. Nudge was applied to improve the management of pension, taxes, prevention from mobile phone theft, prevention of the negative impact of e-cigarettes, unemployment, foster care, army recruitment, police diversity, adult education and charitable giving. (Instituteofgovernment.org.uk., 2010).

Administrations in Denmark, Australia, Canada and the Netherlands have started also the same Nudge units. Such programs started to emphasis greater personal responsibility in healthcare (e.g., tackling obesity), welfare (e.g., conditionality on unemployment benefit claimants), energy efficiency, household recycling and consumer credit. Chakraborty (2008).

IE labs came from government program that was established in Bahrain and continued for three years. The labs changed the way the government see problems and how they deal with it as opportunities (Buheji, 2017). Buheji and Ahmed (2017a) reporting how inspiration engineering and labs changed how problems and hidden opportunities are capitalised upon in basic and higher education, social development, electricity services, water services, primary care, secondary care, public health, health enrichment, psychiatric services, applied science colleges, industry sector, commercial sector, training & development, pension fund, quality assurance in education, labour fund, labour market authority, woman council, customs, visa and passport services, municipality services, research and development, minimising traffic accidents, sanitary services, social insurance, municipalities and urban development, national centre for exhibitions and conferences, roads works, tender board, housing services, police services, ports and marine services and land ownership and registration. (Buheji, 2016; Buheji and Ahmed, 2017a). Since 2015, IE labs spread in

other areas in the world focusing more on civil entities services in different countries with specific experience in Bosnia and Morocco.

2.8. Importance of Influencing without Power Principles

Both literature of Nudge and IE labs claim to influence people or organisations or community without exerting more power on them or even utilising more resources as a means. Real influence provokes change. Influence is only valuable when it provokes change in how people operate and think; when it inspires them to take required action. Influence is more about reciprocity (give and take) between you and another person(s) or between organisations and communities which enables change to happen or attitudes, opinions, or behaviours to be reinforced as per Cohen and Bradford (2005).

Johnson (2008) mentioned about the influence that is built on gaining access to resources needed carried out by unusual efforts. For example, gaining access to resources needed with minimal investment of efforts, using more sound evidences. Johnson that influence clearly happens when doors swing open freely to those key players whose cooperation needed most. That time we'll feel we've achieved central purpose while catalysing valuable change for the targeted community. Cialdini (1998).

Influencing without power found to create more impact and lasting effect in relevance to socio-economic problems as poverty, low aspirations, quality of life, youth demands, social and political instability, low productivity, business instability and issues of migrations. If we influence with minimal resources and without using any official power people would be more committed to create more differentiated results and outcomes compared to what is expected. Buheji (2016) mentioned about more demand being more frequent waves of innovation and with the spread of instable coexistence or resilience, influencing without power and with minimal resources can create more differentiation for communities' outcomes.

2.9. Nudge and Inspiration Economy Mechanisms in Social Engineering

John et. al (2009) compare a normative political science approach of 'think think' based deliberative democracy to the economic libertarian paternalism of 'nudge nudge'. In contrast to Nudge principles based on individuals, they emphasise that decision making which takes place in groups, with discussion and deliberative action by citizens, potentially leads to better collective decisions. They emphasise that individuals do not have fixed preferences, but rather through expressing different points of view consensus may be reached. The authors point to United Kingdom and international examples such as participatory budgeting and citizens' juries and panels. Another example would be the New Deal for Communities whereby neighbourhood elections were used to select board members of local partnership bodies.

For Nudge “Don’t Mess with Texas”, social advertisement campaign would be considered as a social engineering method, as per Thaler and Sunstein (2008). In inspiration economy this would be considered a growth and not a development resource dependent tool that uses the method of (supply vs. demand) than (capacity vs. demand), Buheji (2016). Even if as per Thaler and Sunstein (2008) that roadside litter was reduced by 72%, there are no guarantees that such achievements would be maintained. The purpose of IE Labs as mentioned in (Buheji and Ahmed, 2017a) is that cultures doesn’t change unless involvement and engagement techniques are utilised to challenge the human or community assumptions.

Nagatsu (2015) seen that “Don’t mess with Texas” anti-littering campaign can work if it managed to change the expectations that others will not litter (and expect them not to litter). Mills (2015) argues that such nudge programs are compatible with autonomy of people if it facilitates the nudgee’s pursuit own goal while having an acceptably low opt-out cost and satisfying conditions of publicity and transparency.

Lobel (2008) asserts that Nudge is usually built around every possible situation where a choice architecture might exist. Such a process would involve asking what mechanism underlies potential biases and what mechanism the potential solution might require. Lobel highlight that restructuring choices may lead to unintended consequences because individuals react adversely to having their decisions manipulated.

Through preserving the libertarian position of not infringing on individual choice, Thaler and Sunstein are thus overly concerned with ensuring that there is a near zero-cost to opt out. A central concern for Thaler and Sunstein is that there exists sufficient information and evidence from which choices can be structured. Unfortunately, choice is a contingent process from which individuals will not know the full outcomes at the time of decision making. From a libertarian perspective, even where an individual's choices are incoherent, they remain the property of the individual and therefore leave unclear. Hence, the goal of a nudge is to “alter people’s behaviour in a predictable way” (Thaler and Sunstein 2008), to “steer people in particular directions” (Sunstein 2015). However, nudge should be “easy to avoid” and not forbid any option; as Thaler and Sunstein (2008) say: “We strive to design policies that maintain or increase freedom of choice”.

Inspiration Labs are really about behavioural economics where the eagerness and the psychology of discovery are based on the behavioural change that effectively inspires people to make more compassionate choices targeting social change. Life observations and reflections, as per IE labs would help people and organisation to see and visualise the big picture that to create better realisations of certain life, organisational or social challenges by turning them into opportunities. Through the practices of (Inspiration Engineering) the ability to challenge many status quo situations through disruptive thinking techniques are

increased. This provides the organisation or the community with rich opportunities for innovative ideas to follow and which usually are socially ignored or resisted. Buheji and Ahmed (2017a).

3. Methodology

Comparative research in social sciences aims to explore or discover the differentiation and the value added characteristics of two issues or principles, or more. The technique used in each comparative study might often utilize multiple approaches. Øyen (2004).

The qualitative comparative study in this paper looks for differences between the two social change approaches and then looks at these differences in relation to some other variables that are expected from a “behavioural economics” concept such as level and type of behavioural change created, level of capacity development, influence on the social welfare and mindset change. A suggested modification based on the opportunities for improvement would be the outcome for such comparison where changes would be specific to enhance the utilisation of each concept in its right time and place. Øyen, (2004).

4. Comparative Study

4.1. In This Comparative Study the Focus was on the Following Main Criteria’s

- a) the level and type of behavioural change created,
- b) level of capacity development,
- c) influence on the social welfare, and
- d) mindset change

Thus the following comparisons were made:

Comparison 1 – Basis of Power of Each Principle

Behavioural economics draws on psychology and economics to explore why people sometimes make irrational decisions, and why and how their behaviour does not follow the predictions of economic models. While IE focus on exploring the intrinsic power within the individual through the technique of observing and discovering the opportunities, which in turn would change the mindset which the attitude and behaviour are part of it.

Comparison 2 – Way of dealing with people

Nudge about pushing people to make decision in specific direction, while IE labs is about exploring unforeseen opportunities and creating a reverse thinking, or pull thinking in selective area that would create more inspiration currency that lead to changes in assumption and then behaviours.

Nudge theory is being marketed as being particularly useful for organisations and companies looking to encouraging changes in behaviour by consumers, however in reality it is more of a manipulation technique that can be used for setting public policy mapping and control of people

towards specific choices of services delivery. Tinkler (2011).

Comparison 3 – Way of Developing the Behavioural Change

While Nudge is developed based on studying consumer behaviour, IE labs focus on changing the consumer behaviours through finding opportunities that would help the consumers to participate in being part of the solution. The chronic problem in the society for IE labs open opportunities to discover hidden opportunities, or mitigating its probability for occurrence.

Comparison 4 – Simplicity of Solutions vs. Complexity of Problem

Nudge would have made a specific protocol that lead patients to accept the prioritisation of beds availability for emergency cases. Hence while Nudge would develop a tool, i.e. to push the families or the patient to choose to leave the hospital as soon as they are on the road of recovery; IE labs would see an opportunity that the this problem need totally solved through re-engineering the triage system, or the practices of the patients discharge system and its relevant protocols and practices.

Comparison 5- Role in Creating Effective Decision Making

Nudge is about enhancing “the making” or the decision making, IE sees that factual decision making is about seeing totally new solutions inside problems and challenges which are considered to be treasures of opportunities. Both principles depend on facts and analysis of primary data that would help to direct their effective plan.

Comparison 6- Level of Human Change

Nudge uses behavioural economics to seek to explain why an individual decided to go for choice A, instead of choice B. Nudge use humans ease distracted and push them to make decisions that are presumed to their self-interest. IE Labs is more than pushing towards self-interest; it focuses on creating humans with life-purposefulness through making them visualise a bigger picture. Such humans as per IE would be more competent to both create and sustain change as they become believers.

Comparison 7- Mind vs. Mindset

Nudge is more of mind manipulation technique, while IE labs works on changing the assumptions that is part of the mindset.

Comparison 8- Type Positive Re-Enforcement

Nudge theory focus on positive re-enforcement that influence the motivations and decision-making. IE is about using challenges and problem solving to help inspire the society of its hidden opportunities.

Comparison 9- Dealing with Hidden Opportunities

Hidden opportunities are opportunities that can be found inside each problem or challenge. Hidden opportunities can't be seen due to our way of thinking and constrained mindset. Nudge work to find hidden opportunities in the processes of the service delivery from the beginning in order to use it for manipulation design of behavioural decisions. IE Labs target intentionally to enhance the process of discovering hidden opportunities gradually through the practice of observation that leads absorption and then a level of realisation that would help to overcome a complex challenge whiling setting enablers that would sustain such achievement.

Comparison 10- Ways of Influencing without Power

Nudge use influencing without power since the beginning by designing a system that influence individual decision making through manipulation without restricting the power of choice, i.e. the power to opt-out. IE labs consider influencing without power is an outcome based on the ability to change the mindset of the individual, or the organisation to pilot and explore with the intention to discover the hidden opportunities that would create the success story.

4.2. Success Stories of Nudge vs. Inspiration Economy Labs

Both Nudge and IE Labs are pragmatic principles that turn the discovered opportunities into success stories. Based on an extensive review of Thaler since early 1990's published work related to Nudge and Buheji work published since 2015-2018, comparative table was established with specific example. However, Nudge success stories seems to be simple and this is a point of strength and weakness in the same time; while IE Labs success stories seems to be complex and represent a real holistic story that have ups and downs and real challenges and failures.

One observation on Nudge success stories that they are not actually made in labs, but rather it is being a descriptive of certain practices and achievements of others. 50% of the mentioned below Nudge stories are not published work and have been retrieved from internet from different Nudge teams in countries as Finland, UK and USA. All the innovation of IE labs comes from its success on challenging the mindset and applying the best tools to foster new knowledge thus building long-term collaborative problem-solving capacity. We could understand this differentiation more by seeing the following examples in Table (1). The structure used in this table would mentioning an actual IE Lab relevant to the known Nudge story in the different subjects, as both principles being multi-disciplined.

Table (1). Comparison of Nudge vs. Inspiration Economy Success Stories

Nudge Success Stories	IE Labs Success Stories
Private Sector employees not enrolling in Pension Fund Auto Enrolment for Pension for Private Sector employees	Improving Social Insurance Pushing social insurance to invest in SME's as partner to enhance the socio-economy and also elevate the trust of those on pension and non-pension to opt-in.
Encouraging Walking Decisions Putting walking steps towards the stair case , instead towards the lift	Improving Quality of Life Programs Family Physicians and Primary care staff define specially program for families with risk of obesity, cholesterol, high blood pressure and diabetes.
People are not Saving Envelop (with their Children Photo on it)	Enhancing Central Bank (CB) Protection of People Savings and Mitigation of Level of Debts. CB investigate and calculate the risk factors for each bank and insure its capacity to return the savings of people + ensure that banks doesn't further people being on debt beyond their capacity.
Huge Wasted Food Cut fruits in small pieces and cake (sweets) too. they add more fruits if smaller sizes Downsizing the plates in Buffet in the restaurants & specially in hotels	Changing Food Inspection to be Food Quality Improvement Mentors. Inspectors are measured through inspiration lab to follow more mentorship and reduce food poisonous diseases through enhancing their ability to influence positive change including enhancing management of food and improving its quality.
Nudging Smoking Habits To more clearly show the negative effects of smoking, many countries have started to add deterrent pictures on the cigarette packages with images that display damaged organs that can be a consequence of long term smoking. This is meant to discourage people to start smoking and motivate people that are smokers to quit.	Improving Early Discovery of Lung Cancer Codification, Classification and stratification of type of smokers using gamification techniques.
Nudging towards Healthy Food Overconsumption of calorie rich food can lead to a deteriorating health. In an attempt to get employees to eat healthier, a company rearranged its cafeteria. Healthy food was placed at eye-level and easily available for the visitors of the cafeteria. Unhealthy food, such as candy or snacks was placed behind the counter to make them less visible and accessible for the visitors in the cafeteria. The idea with this intervention is to encourage the consumption of healthier alternatives to improve the health of the employees. Marteau et. al. (2011).	Re-Engineering in Services There lots of projects reported by Buheji (2016a) and Buheji and Ahmed (2017a) showed that one could business process re-engineering (BPR) to switch the consumers to a specific decision. BPR could be used for enhancing the empathetic engineering for Agricultural Services thus to use farm to enhance the government owned gardens in planting and harvesting healthy organic food while supporting the reduction of organic food prices and giving mentorship for all retail partners interested in organic farming. This study was reported in Buheji (2018a).
Organ Donations There is currently a lack of organ donors in many countries. One way to increase the number of organ donors could be to automatically enrol people as organ donors unless otherwise specified (so called Opt-Out).	Recycling Participation People for specific pilot area given choice to opt-out of they don't want to participate in waste recycling program. 90% of the local home owners choose to stay opt-in in the program. The program brought a profit of about US\$ 100,000 just in the first 3 months besides proven that the locals are willing to recycle the waste without the help of the government.
Boosting Selling of Specific Products Marketing specific products to enhance consumers decisions through Nudging consumer towards "most popular selling", "that much sold", "Discounted price for limited time", "Game Over Scores"	Boosting Selling for Camel Wool Organic Hand-Made Carpets IE Labs in a Camel Wool Carpet Factory focused on enhancing the sharing economy of woman working in carpets by having machines set in villages rather than factory and focusing on hand-made plus organic wool value, besides innovative story based packaging to boost sales in the factory.
Improving People honesty about car millage for Car Insurance Change the signing of confirming an honest information to be on top before stating the car millage	Improving Capitalisation of Islamic Insurance Fund (IFI). IFI found to have low profit due non-optimisation of its funds. IE labs helped to improve the Return on Capital Employed in IFI.
Improving the Traffic flow Separating between the pedestrian and pikers by small yellow tape	Reducing Traffic Accidents while improving the Traffic Flow A review of the black sport areas (i.e. areas with repeated fatal accidents, or those with high risk of becoming so), led to identification of specific roads designs that need to be modified and mitigate the risks that the speed and quantity of vehicles flow. A countermeasure was taken for all these roads without first roads modification which reduced accidents by 30-40% in almost all black spots. Only 10% of the roads where re-designed.
Abandoned Cart Problem "Abandoned cart sales" is one of the biggest problems faced by the e-commerce industry. An abandoned cart sale happens at the end of the customer journey: the customer visits the website with the intention to buy, adds the product to the cart but does not complete the transaction. the e-commerce industry is losing about \$3 trillion USD in sales due to abandoned cart sales. The average cart abandonment rate is about 68%	Abandoned Flats in Housing Services Many citizens in rich Arab Gulf States abandon or refuse to receive flat instead of villas, due to level of income. This affect the country economy, space, urban planning and delay people quality of life. To reduce the gap between citizens' demands and their quality of life needs, IE labs did a major improvement in Public Housing Service, where flats are redesigned according to youth or new couples, variety of financial and

Nudge Success Stories	IE Labs Success Stories
according to Baynard Institute. Thaler suggests changes can be made to an individual's "choice environment" to influence their behaviour to complete the transactions. The best example of this comes in the supermarket, where attention of the consumers is drawn to certain products at the end of the supermarket to encourage them to spend more money on such products. (Sunstein and Thaler, 2003).	non-financial service options in non-villa packages (i.e. flats) were introduced. This managed to reduce the rising negative social inequality and improved social coexistence through post-housing services.

5. Discussion

There are lots of learning that can be discussed from both Nudge and IE Labs. Both principles use opportunities, however the influence and goals in many times much difference, even though both also work in creating a major development in the community that leads to a major outcome or even a legacy.

5.1. Learning 1- Way of Spreading the Concept

Nudge comes from a work that exceeds twenty years by Richard Thaler and those who believed gradually on the concept of Behavioural Economics that Nudge summarised its peak success. In the case of IE Labs, it is a concept that started only few years ago and it would need the time to accepted and spread in both the academic and practitioners' community, despite its power of creating more sophisticated change.

Nudge uses major government opportunities, or major marketing opportunities to do its proposed intervention. IE Labs been concentrating in doing labs in the field of governments and civil community where challenges are turned into opportunities through piloted exploration till problems are cracked.

5.2. Learning 2- Ease of Examples and Application

Nudge clearly surpass IE labs in its ease of examples. However, IE labs shown that it has a history of cracking more difficult problems or challenges that Nudge or Behavioural Economics didn't tackle and it is highly relevant to socio-economy of any community or organisation.

5.3. Learning 3- Rational Choice vs. Discovering Intrinsic Power

In economics, rational choice theory states that when humans are presented with various options under the conditions of scarcity, they would choose the option that maximizes their individual satisfaction. This theory assumes that people, given their preferences and constraints, are capable of making rational decisions by effectively weighing the costs and benefits of each option available to them. The final decision made will be the best choice for the individual. The rational person has self-control and is unmoved by emotions and external factors and, hence, knows what is best for himself. Behavioural economics explains that humans are not rational and are need not always make good decisions. Sen (2002).

The rational choice manipulation as per Nudge theory

would be "opting in" by checking a box on that was changed as a default on the form and assume that everyone signing would be an organ donor, for example, unless they opt out and choose otherwise not to donate. For IE Labs the issue for organ donors would be enhancing how to make people discover the benefits of organ donations to the wellbeing of the community and which they are the direct beneficiary of it. IE Labs focus on changing the mindsets rather using the manipulation of people decision.

5.4. Learning 4- Influence of Nudge and Inspiration Economy

Influencing the mindsets make organisations and communities get more engaged to create a focused outcome towards a targeted legacy (Hogg and Cooper, 2007; Mathieu et. al, 2000). The level of influence is very important for inspiration based economy, as without such level of influencing people can't see how inspiration would leave an impact on the economy and on the socio-economy, (Buheji, 2016 and 2017). The work of Thaler and his colleagues also focus on influencing people however through diverting their decision to what is believed to be towards their own benefit.

In today busy life we need to influence with minimal resources and quick impact that can be felt by more people. Both concepts Nudge and IE labs use influencing without power as part of problem solving and problem finding that lead to overcoming complexity and the creation of development.

Both concepts see that the more we influence people towards positive change the more we own the currency to change them, or at least create in them the will to take action. However, the level of influence depends on perception and expectations as well as the spirit. In IE Labs influence can be improved with the level of visualisation which would improve the accuracy of hit rate. Both visualisation and better hit rate would enhance the direction focus and create a selective mindset that help to discover and create new learning and thus raise the capacity vs. demand. (Buheji and Ahmed, 2017a)

5.5. Learning 5- Social Applications of Nudges and Inspiration Economy

Nagatsu (2015) explored the use of social nudges in policy interventions that would induce voluntary cooperation in social dilemma situations which can be defended against two ethical objections that is the objections from coherence and autonomy. Thaler and Sunstein (2008) popularized libertarian paternalism, the idea that behavioral economics

and psychology “the emerging science of choice” provides policy makers with new tools to influence people’s economic and other choices for their own benefit without compromising their freedom of choice.

Nudges are subtle behavioural interventions that are distinct from standard regulations that operate with incentives. Although nudges have already been applied as behavioural public policy in a wide range of domains (Shafir 2013), nudge paternalism has attracted ethical and moral debate. IE labs have been having many social applications in public, civil and private sector. For IE, coexistence and establishing effective social cohesion programmes are able to bring about more productive citizens that provide value added to the broader community (Buheji, 2016).

The observation of the current market setting in both Nudge and IE labs leads societies to go deeper in understanding individualistic behaviour.

5.6. Attempts for Effective Behavioural Change

Thaler and Sunstein (2008) characterize a nudge as any aspect of the choice architecture that alters people’s behaviour in a predictable way without forbidding any options or significantly changing their economic incentives. To use the famous examples from Thaler and Sunstein (2008), it is supposed to be easy and cheap to avoid healthy food in a cafeteria, or opt out from a contribution plan for retirement saving or choosing healthy food. Nudge seen by some as morally unacceptable as they induce behavioural changes to which one’s reasoning process is not responsive.

IE not only enhance the opportunities and support based on intrinsic resources but extrinsic ones too. This creates a movement to behavioural attitudes and habits of inter-dependence level. During inspiration attitudes and behaviour start to be challenged due to new feelings or actions that are caused by this sense of inspirational energy. Being self-conscious, due to nature of IE lab, will lead to people be more able to create a stronger and more compelling change thus sharing best practices that enhances the targeted outcome.

6. Conclusions

This paper set a line between Nudge and IE labs and their role of creating behavioural change outcomes. Even though it is clear from the discussion of the comparative study that Nudge have got much time for maturity and thus reflected in its popularity thanks to the huge work of Thaler and his colleagues; IE labs is clearly a coming star that would complement the work of Nudge, or even fill the gaps in very important areas for societies development.

Nudge have shown clear simple methodologies that lead to influencing the social welfare, while IE labs have a differentiated outcome when it comes to capacity development. IE labs also shown a clear methodology in changing mindsets which partly helping to improve people decisions or government outcome.

The six learnings from the comparisons of Nudge vs. IE labs shows that Nudge surpass IE labs in way of marketing and spreading the concept and ease of examples and applications followed. May be this is due to the focus of Nudge on manipulating the rational choices, instead of trying to discover the intrinsic powers within the organisation or the community. Both Nudge and IE labs show clearly that they are using influencing without power, however the techniques and sustainability of each differs. Both concepts also managed to do social applications that lead to better effective behavioural change.

The researcher recommends more work to be continued in this line due to the richness of the data available and the need of all the socio-economies to utilize these multiple disciplined driven concepts further in more applications that lead to the improvement of communities’ quality of life and in the way the human mindset is utilised.

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