



The Bottom Line: Managing library finances

Nudges and decision making: a winning combination

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WISE INVESTMENTS FOR GREAT RETURNS

Nudges and
decision
making

Nudges and decision making: a winning combination

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Abstract

Purpose – Evaluating a situation and circumstance to make a decision is an essential managerial skill. Experienced managers can use nudging to influence decisions that subordinate and embed the practice within the institution as a learning organization. Adopting a nudge theory perspective changes the workplace environment, so that individuals make decisions that are helpful to themselves for job satisfaction and professional growth as well as positive for the organization. Research suggests that nudging has positive results that contribute to increased productivity, higher morale and decreased expenses.

Design/methodology/approach – This is an opinion piece.

Findings – This is an opinion piece.

Research limitations/implications – This is not a research article.

Practical implications – Administrators can use the recommendations in this column.

Social implications – Administrators can use the recommendations in this column.

Originality/value – This is an original viewpoint.

Keywords Decision making, Change, Nudges

Paper type Viewpoint

Decision-making is a daily activity for information professionals and administrators. Choosing a course of action, determining how to invest resources or which applicant to hire requires a decision with lasting consequences. The ability to evaluate a situation and circumstance is an essential skill for successful managers. Broadly considered, decision-making falls into three distinct steps:

- (1) problem formation and objective setting;
- (2) identification and generation of alternatives; and
- (3) analysis and choice of feasible alternative (Shrivastava and Grant, 1985, p. 97).

Strategic decisions have long-term consequences and need to be considered as a part of the organizational culture and interdependent challenges faced by the organization. Given the hierarchical structure of information organizations and libraries, decisions can be made at jurisdictional levels by managers. This independent decision-making structure has the potential to be segmented and dependent on the individual's understanding of the organizational mission and strategic goals.



Learning to make good decisions requires time and guided practice in supportive environments. Mentoring and coaching individuals who aspire to become leaders offer a manager with opportunities to be a choice architect through nudging (Thaler and Sustain, 2009, p. 3). Experienced managers can use nudging as a technique to influence the decisions that their subordinates make, so that decision-making become embedded as a practice within the institution as a learning organization. Bock (2015, p. 289) suggests that individuals are “less consistent, objective, fair, and self-aware in how we navigate the world than we think we are”. Therefore, nudges are effective tools to influence decisions.

Research on nudge theory suggests that choices should be based on how individuals instinctively consider situations and make decisions rather than simply following past and status quo practices. Thoughtful managers consider situations and make decisions logically and rationally. Consequently, nudging can be an effective innovative strategy to change the decision-making process among individuals. Leaders who choose to nudge their managers and empower them while changing their decision-making processes. By identifying, analyzing and re-crafting choices, leaders can influence by exerting gentle nudges that are timely, relevant and simple to implement (Bock, 2015, p. 292). Organizational decision-making can be built and maintained by developing a team approach to choices; understanding that every team member can be nudged; and adopting nudge strategies that do not require significant financial investments but that have the potential of being meaningful results for team members and the clientele they serve (Businessballs, 2015). The library or information center benefits when nudges result in prudent decisions regarding the organizational mission, services and programs.

Embarking on the path of nudge theory requires leaders to gradually abandon conventional means of decision-making strategies that rely on bureaucracy, direction, enforcement and potential punishment. Adopting a nudge theory perspective requires taking steps to change the workplace environment so that individuals increase their potentials to make decisions that are helpful to themselves for job satisfaction and professional growth, as well as are positive for the organization. Developed under the aegis of libertarian paternalism, nudge theory blends behavioral science, political theory and economics (Thaler and Sunstein, 2009). Yet because nudges do not impede personal choice entirely and are “freedom preserving”, individuals maintain their option to make a poor decision or choice (Thaler and Sunstein, 2009, p. 255). Research suggests that nudging has positive results that contribute to increased productivity, higher morale and decreased expenses (Bock, 2015, pp. 295-308). To incorporate nudge theory and avoid missteps, the library administrator needs to achieve maximum benefits. What steps can a library administrator take to incorporate nudges into the workplace environment?

First, recognize that the administrator is a choice architect. Because he or she has the ultimate authority to make decisions and affect the workplace environment and staff morale, the chief administrator serves as the lead choice architect. While this role may be visible, he or she must make the initial decision regarding the extent to which nudges will be used. Nudges can be used throughout the organization among all employees or incorporated in specific situations affecting a smaller number of individuals. Regardless of the extent to which it is used, nudges as a strategy to change behavior and decisions

merit consideration. As the strategy rolls out more widely in the organization, its potential impacts are likely to be felt exponentially.

Second, recognize the need to teach, train and coach the nudge principles. Anticipating and preparing for the incorporation of nudges into the workplace environment requires an understanding of the concepts and ways in which the organization will use them. An awareness of types of nudges that could be adopted is key to success. Thaler and Sunstein (2009) identified 15 different nudges, including (but limited to) anchoring and adjustment, availability, representativeness, optimism, framing, temptation, conforming, spotlighting, priming and feedback. An overview study can provide administrators and managers with an opportunity to review and select initial nudges, so that appropriate strategies can be used to develop and measure the efficacy of nudges.

Third, be thoughtful, compassionate and transparent when implementing nudges. Remember that nudges are not shoves (Bock, 2015, p. 292). Investing time and effort to assess current decision-making practices, potential barriers, unhelpful nudges, and to identify potential strategies for incorporating nudges brings positive results to employees and the organization. Obstacles should be removed to increase the potential for the successful adoption of nudging. Nudges can be used to increase job satisfaction, employee morale and productivity. Encouragement through coaching and recognition of positive behavioral changes through nudging will be valued and important. Managers can work with team members to explore situations in which nudges may be appropriate. Younger librarians merit and need support from mature, experienced peers to learn about the benefits of nudges. Investments from the library's training and professional development budget can result in empowerment and more effective decision-making throughout the organization.

Fourth, remember that the use of nudges is flexible and can be adapted to individual libraries, information centers and other organizations. Remember that nudge theory offers a strategy to modify group behavior, which is the way in which individuals think and make decisions. Nudge theory is based on ethical behavior and encourages free choices for each individual that can result in better thinking and decisions that benefit their well-being and society. The arrangement of physical space and messages to colleagues can be used as nudges. Yet preparing leaders through nudges can empower them while benefiting the organization.

The bottom line incorporates nudges into a well-designed, comprehensive mentoring and coaching strategy for new and emerging managers to learn decision-making skills that will serve them and the organization well as they prepare to serve as the next generation of library leaders.

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