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Nudging individuals to increase participation in NGOs

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ABSTRACT

Forecast and decisions are often founded on the assumption of human rationality. Nevertheless, the past decades have proven that predictable irrationality rules the decision-making process, which raises the question whether it is possible to persuade others to increase the odds of behavioural compliance. The field of behavioural economics studies these anomalies in order to better guide individuals towards an optimal solution and behaviour. This research paper offers a general introduction to behavioural economics and nudging, along with a series of arguments and a nudging experiment regarding how it could be applied to a charitable context.

Key words: behavioural economics, nudges, bounded rationality, choice architecture, libertarian paternalism, prospect theory, Non-Governmental Organisations.

RESUMEN

Las predicciones y las decisiones están supuestamente basadas en la racionalidad humana. Sin embargo, durante las últimas décadas se ha demostrado que la irracionalidad predecible gobierna el proceso de toma de decisiones, la cual cosa plantea la pregunta de si es posible persuadir a los demás para aumentar las posibilidades de guiar el comportamiento hacia un resultado socialmente aceptado. El campo de la economía del comportamiento estudia este tipo de anomalías para poder guiar a cada individuo hacia una solución y un comportamiento óptimo. Este trabajo de investigación ofrece una introducción general a la economía del comportamiento y a los *"nudges"*, así como una serie de argumentos y un experimento basado en los *"nudges"* sobre como se podrían aplicar a un contexto caritativo.

Palabras clave: economía del comportamiento, "nudges", racionalidad limitada, arquitectura de elección, paternalismo libertario, teoría prospectiva, Organizaciones No Gubernamentales.

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I. INTRODUCTION

Our daily lives are surrounded by arbitrary and seemingly meaningless decisions that wind up determining our behaviour in certain situations. Imagine that you receive a text message saying "9 out of 10 people in your area are up to date with their tax payments". You automatically feel like an outlier and try to dovetail to fulfil the social norm of paying your taxes. This is an example of a nudge. In this case, the government of that particular country may have considered that tax evasion was increasing and instead of aggressively targeting those tax evaders, they decided to gently push them towards that choice. In other words, they decided to nudge people into being on their best behaviour.

Nonetheless, one can approach a nudge from a different angle. This time imagine you own a supermarket, and, as an active member of your community, you are concerned about eating habits and, thus, want people to buy fresher and healthier products. You can place green arrows on the floor that lead clients towards the fruits and vegetables aisles. This time, you are what in behavioural economics is called a choice architect: an individual whose responsibility lies upon the organization of the context in which people, later on, will make the decisions. Otherwise speaking, you are in charge of creating a situation in which people will gravitate towards the choice you want them to make.

All in all, we are constantly acting as choice architects without realising it. As a parent, we are responsible for our children's education, as a salesperson we are in charge of laying out the purchasing options of a client, or event as an actual architect we are in charge of designing a building, making the most erratic decision (such as where to place the building's bathroom) eventually determine whether people will take more time wandering around when they are going to the bathroom, consequently being less productive at their job.

My interest towards this subject rose from a behavioural economics course I undertook. So, since we are nudging and being nudged on a daily basis and given that I already have some experience dealing with the subject in matter, I believe that this apparently intricate topic can be further developed and applied to other specific circumstances. In short, the reason why I have chosen this topic lies upon the fact that I intend to employ all the theoretical framework around behavioural economics and nudges into potentially increasing participation in NGOs. Furthermore, in order to test the effectiveness of nudges in a charitable context, the quantitative methodology will be formed by an experiment based on six nudging questionnaires.

As any other research, this statement boosts the incentive of the investigation and gives further raise to a series of questions:

- Are nudges applicable to real life situations or just a mere economic theory?
- How can we identify and distinguish the fine line between influencing someone's behaviour, while leaving room for freedom of choice, and determining or manipulating someone's behaviour?
- Are nudges more cost effective than other policies, bans or mandates?

- Which nudging techniques can we use to further increase awareness and participation in NGOs?

These aforementioned questions suggest an overall hypothesis, which yields a starting point for the research:

Hypothesis 1: Nudging techniques can be applied to increase awareness and participation in NGOs.

1. Objectives

1.1. General objective

The main objective of this research is to study and analyse the viability of applying nudging techniques in order to help Non-Governmental Organisations to raise funds or gain overall participation in their projects. Furthermore, in order to obtain a more plausible outcome, I will theoretically attempt to apply these techniques to a United Nations non-profit project called *"The 07 gift"*. This approach will have to include nudges that gently push individuals towards the primary objective of engaging in the 07gift without the risk of manipulating their behaviour. Consequently, the main objective also involves increasing participation and awareness about the 07gift project.

1.2. Specific objectives

- An objective answer about the possible application of nudges in real life situations.
- A clarification to identify the potential risks of nudging without manipulating an individual's behaviour.
- A justification of the main advantage of nudging in comparison to other policies.
- A scrutiny about the potential nudging techniques that could be applied to increase participation in NGOs.

II. THEORETICAL FRAMEWORK

2. Behavioural economics

Before going deeper into the concept of nudging we need to understand the overall economic science that focuses on human demeanour: **behavioural economics**. Behavioural economics is an economic analysis that "refers to the attempt to increase the explanatory and predictive power of economic theory by providing it with more psychologically plausible foundations" (Camerere & Loewenstein 2003). In other words, it applies psychologically realistic models and insights to improve one's understanding of the economy, thus representing a departure of those models that can be labelled as traditional or mainstream.

Looking back at our economic history, we can define three separated periods in terms of rationality. During the first half of the 20th century, some economists, such as Adam Smith, did include aspects of human psychology in their economic analysis and models. However, from the middle of the 20th century onward economists exclusively focused on models whose assumptions and constraints regarding an individual's psychology were tightened onto the idea of rational behaviour and expected utility theory-based decisions. Rational behaviour is a part of decision-making practice which strives to achieve benefits that are most optimal in nature to the decision maker (Bennett, Coleman et al 2019); and expected utility theory is an account of how to choose rationally when you are not sure which outcome will result from your acts (R.A Brigss, 2014). On the whole, it assumes that individuals choose the option with the highest expected utility. Finally, at the early 1980s a new wave of economist who started to question this long assumed rational behaviour emerged. Their argument was based on the belief that the development of new models with psychologically more realistic assumptions about the human behaviour was necessary in order to understand many important economic behaviours.

The creation of this new economic branch, such as any other, did not flourish from scratch; it entailed a process of documenting anomalies, developing more psychologically realistic frameworks, finding wats to improve people's economic decisions and mentoring a new generation of behavioural economists. Within the confines of this new way of thinking, it is important to highlight the role of the pioneer and most notorious figure of behavioural economics: Richard Thaler. This Nobel Laureate in economics followed the aforementioned procedure from its beginning and his finding and key concepts will help explain the basis of behavioural economics.

To begin with, it is necessary to explain the most well-known anomalies (inconsistent results regarding the present economic paradigm) he encountered during his journey:

- The endowment effect
- Loss aversion
- The Status Quo Bias
- The sunk cost effect
- The limited self-control

The endowment effect is the most famous anomaly and it states that the amount people are willing to pay for an object of economic value is much lower than the amount they are willing to accept in order to give the object up (Kahneman, Knetsch and Thaler, 1991). For instance, most people would not pay more than $15 for someone to carry their furniture to their apartment, but also would not carry their neighbour's sofa for $45. To clarify the issue, Kahneman, Knetsch and Thaler, decided to perform a series of experiments to prove whether the endowment effect could be applied when subjects face market discipline and have a chance to learn. The results of these experiments showed that participants required double the average amount of what participants without that object were willing to pay to obtain it, in order to give that object up.

Loss aversion is another anomaly identified and studied by Richard Thaler. Loss aversion entails that the disutility of giving up an object is greater than the utility associated with acquiring it (Kahneman & Tversky, 1984). So, the trade-off between buying a new phone or saving the money will be evaluated by the concept of not having a new phone or not having the money rather than for the fact of acquiring a new phone or having more money in the bank account.

Then, we encounter the status quo bias, which is highly linked to the loss aversion concept. It states that individuals, in general, have a preference to remain at the status quo or at their current state of events because the disadvantages of leaving it are larger than its advantages (Samuelson & Zeckhauser, 1988). In an experiment performed by Samuelson and Zeckhauser, in which many scenarios regarding different portfolio options were presented, the results stated that the situation that was presented as the status quo was significantly more popular.

Afterwards, we encounter the sunk cost effect. The sunk cost effect is based on the assumption that individuals want to avoid failure at all costs, instead of accepting their defeat and moving on. Thus, they continue investing money and effort in something that will not eventually have any profit. Thaler illustrates this anomaly with a clear example about a family that had purchased $40 tickets for a basketball game and, instead of staying at home, they decided to drive all across town in the middle of a snowstorm, risking their lives (Barberis, 2018).

Finally, the last remarkable anomaly is the limited self-control. According to Thaler, individuals suffer from mental illusions that induce people to choose immediate pleasures. (Barberis, 2018) The most clarifying examples illustrates that people rather have $100 at that exact moment than $200 in six months. Thus, they do not take into account the long-term advantages of a decision and, as a result, may eventually have to take on a so called "pre-commitment" strategy: dieting, non-smoking plans, rehab centres, and so on.

All of these anomalies represent the pillars and initial steps of behavioural economics. Nevertheless, the process of developing this new physiologically-based economic branch goes way beyond these anomalies, as they only entail the first realisation and analysis against the previously established rational models.

3. Judgement and Decision Making

Once Thaler discovered and reported the aforementioned anomalies, the need for a new economic framework rose. The spread and success of behavioural economics lied upon the numerous outlined anomalies that made it hard to reconcile with the rational paradigms.

The evolution of behavioural economics took an unexpected turn when the work of Kahneman and Tversky was introduced. Daniel Kahneman is an Israeli-American psychologist which was awarded the 2002 Nobel Prize for Economic Sciences for his work in the field of behavioural economics and judgment and decision making. Amos Tversky was an Israeli psychologist specialised in cognitive and mathematical psychology. These two psychologists incorporated ideas from the area of psychology to the development of these new economic models, evolving into what is known as **judgment and decision making**. By all means, we may define judgment and decision making as the cognitive branch of behavioural economics that aims at developing new economic models regarding choice alternatives by incorporation psychological insights.

The most popular model created by Kahneman and Tversky is **Prospect Theory.** Prospect theory is a cognitive descriptive model that criticises de expected utility theory by describing the way people choose between uncertain probabilistic alternatives that involve risk. This model is based on the fact that the effects or results that people exhibit when choosing between alternatives are inconsistent with the basis of expected utility. On the one hand, people underweight outcomes that are merely probable in comparison with outcomes that are obtained with certainty (Pitz & Sachs, 1984), also known as the certainty effect, which contributes to individuals presenting risk aversive behaviours in choices involving sure gains and to seek risk in choices involving sure losses. On the other hand, expected utility theory also involves the isolation effect, which is based on people generally discarding components that are shared by all prospects under consideration. Hence, a new alternative theory of choice (prospect theory) was developed. This theory is characterised by evaluating the value assigned to gains and losses rather than to final assets and by incorporating decision weights instead of probabilities (Pitz & Sachs, 1984). This theory represents the starting point and foundation for the new models of economic decision-making and behavioural economics. From this point forward, Richard Thaler and his colleagues began to create more economic models that still remain the core of the more sophisticated models being developed today.

Lastly, in order to conclude the overview about behavioural economics and to clarify Thaler's influence on it, one might divide the resulting behavioural models in three different categories (Barberis, 2018):

- Models that make psychology-based assumptions about individual preferences
    - Preferences over riskless outcomes
    - Preferences over risky outcomes
    - Time preferences
    - Social preferences

- Models that make psychology-based assumptions about individual beliefs

- Models that make psychology-based assumptions about the process by which an individual makes decisions

Once new models were being developed, it was time to start mentoring the next generation of behavioural economists through different training initiatives, such as the Summer Institute of Behavioural Economics, founded by Richard Thaler and Eric Wanner.

All things considered, the rise of behavioural economics has been successful, not only because it brought a new vision of the economic models, but also because researchers found ways of helping people make better decisions.

4. Nudge: Influencing Behaviour

Nudges are one of the several applications of behavioural economics and can be defined as noncoercive methods aimed at influencing choice for the better (Noggle, 2018). In other words, they "help people make better choices without infringing on their freedom" (R. H. Thaler & Sunstein, 2008).

Individuals are constantly influencing and being influenced by different and small changes that occur in their surrounding context. The context regarding a decision-making situation is always "framed" by what is called **choice architecture**, a set of casual variables that influence, but not determine, our ultimate decisions (White, 2018). Cass R. Sunstein, a north American lawyer, and Richard Thaler, specified on their book *"Nudge: Improving decisions about health wealth and happiness"* that choice architecture is formed by an individual's contextual architecture (genetics, life history, etc), as well as their collective choice architecture (social and cultural context). By way of illustration, one might find oneself deciding on whether to go on a picnic with some friends. This decision, on the one hand, will be influenced (or nudged) by the external physical environment, mainly entailing the weather that day. On the other hand, one's own personal rule of thumb might appraise the ideal picnic day to be slightly warm and windy, whereas the rest of the group presents conflicting opinions regarding what is considered to be a "good or bad picnic weather". In this situation, the group might trust one local weather forecaster more than another. However, if it starts to rain on the day of the picnic, the availability of a picnic shelter might result highly influential in their decision. This example presents a situation influenced by several contextual choice architectures, shedding some light upon the vast number of architectural constraints that people face on their daily lives.

Nevertheless, if individuals are constantly being influenced, they might also be influencing other people and situations. This role is known as a **choice architect**, a person whose responsibility lies upon organising the context in which people make decisions (R. H. Thaler & Sunstein, 2008). On the whole, people are choice architects without even realising it, mainly because all situations incorporate imposed constraints, supressing any possible consideration for a "neutral design". This concept is clearly exemplified with the supermarket situation presented at the introduction: you are a choice architect because you are setting the green arrows towards the fresher and healthier products; you are nudging people towards a certain decision, while leaving room for decision.

As any other economic application or model, nudging is also based on a series of fundamental truths that serve as foundation for its system of believe. The principles of nudging are:

- To present psychological ways of changing behaviour.
- To focus on “guiding” behaviour, instead of influencing it.
- To use cues, frames and defaults, instead of incentives and information.
- To preserve freedom of choice.
- To use minimal costs.
- To change choice architecture.

Within this framework, some researchers have identified three different types of nudges (Noggle, 2018):

- **Nudges which provide people with better and more comprehensible information.** For example, showing the amount of calories junk food has in order to inform people and nudge them into eating healthier products.

- **Nudges that facilitate pre-commitment.** For instance, Thaler invented the *Save More Tomorrow* plan, which nudges people into saving more for retirement. In a survey performed during the 1990s, Thaler realised that the majority of workers believed they were saving too little and, also, that they were willing to save more, but never ended up coming through with it. The idea of the *Save More Tomorrow* plan provided workers with an automatic enrolment on a savings plan once they started working at their company, which the worker could left at his choice by filling out the form. The success of this program was based on the fact that before it, workers had to enrol in order to participate in the savings program. However, as they were never bothered to proceed with all the bureaucracy, Thaler nudged them to facilitate their pre-commitment on saving.

- **Nudges that introduce non-informational influences on the decision-making process.** Imagine, again, that you own a supermarket; but this time, instead of placing the arrows on the floor, you realise that people have a tendency to choose products which are placed at eye level. In order to increase healthier consumption, you might place the healthier foods at eye level, while placing the less healthy options at a lower level on the display. Even though no one is manipulated, there is a significant increase in people buying healthier foods (R. H. Thaler & Sunstein, 2008).

The first two types of nudges can be classified as improving the quality and quantity available for the decision maker. However, the last one corresponds the most controversial type, as they influence the decision-making process in ways that do not involve providing more and better information.

Besides dividing nudges into three types, we can also classify them across four different dimensions, which, if combined, result in twelve types of nudges (Ly, Zhao, & Soman, 2013):

- **Boosting self-control vs. activating a desired behaviour:** whether a nudge is designed to boost self-control by correcting an individual's discrepancy between what they would like to do and what they end up doing; or to activate a desired behaviour when an individual is not fully aware of the correct social norm in that particular situation.

- **Externally imposed vs. self-imposed:** whether the nudge will be voluntarily adopted.

- **Mindful vs. mindless:** mindful nudges help individuals to fulfil a behavioural standard that they would like to accomplish, whereas mindless nudges guide individuals towards a more automatic outcome. This dimension is based on what scientists call *The architecture of Cognition* (Kahneman, 2003). This model states that there are two modes of thinking and deciding: System 1 and System 2. System 1 is based on fast, automatic and intuitive cognitive operations that are characterised by being perceptual and emotive. In contrast, in System 2 operations' are rational, slow, calculative and deliberate. In other words, System 1's resulting actions are spontaneous and emotionally charged, while System 2's actions are previously well-thought judgments. Consequently, mindful nudges target System 2 and mindless nudges want to enact the more automatic part of the brain by selecting System 1.

- **Encourage vs. discourage:** the difference between a nudge that wants to facilitate the implementation of a certain social norm and a nudge that wants to avoid or prevent a particular conduct that is considered undesirable.

The following table shows the taxonomy built by Kim Ly and his colleagues regarding how a series of nudge examples may be classified within the aforementioned dimensions:

Table 1: Examples of Nudges (Ly et al., 2013):

		MINDUFL		MINDLESS	
		ENCOURAGE	DISCOURAGE	ENCOURAGE	DISCOURAGE
ACTIVATING A DESIRED BEHAVIOUR	EXTERNALLY-IMPOSED	Simplifying tax rules to make tax filling easier.	Placing signs to remind people not to litter.	Advertising that most people are recycling to increase recycling efforts.	Using fake speed bumps to discourage speeding.
BOOSTING SELF-CONTROL	EXTERNALLY-IMPOSED	Simplifying application processes for college grants to encourage higher-level education.	Installing car dashboards that track mileage to reduce gas usage.	Automatically enrolling for prescription refills to encourage taking medication.	Placing unhealthy foods in harder to reach places.
	SELF-IMPOSED	Maintaining an exercise routine by agreeing to pay a small penalty if a gym session is missed.	Avoiding drunk driving by hiring a limo service before-hand.	Joining a peer savings group to encourage saving money.	Channelling money into a separate account to reduce the likelihood of it being spent.

All things considered, nudging's main goal is to improve people's decision-making process by exposing their natural biases (or unconscious tendency towards certain behaviours), as well as their ability to influence other people, while increasing awareness and capacity to identify real manipulations. Furthermore, it is important to highlight that nudges are embodied by libertarian paternalism.

Some argue that the concept of libertarian paternalism might appear to be an oxymoron, as the principle of autonomy, which is based on a society's respect for an individual's ability to make their own choices with freedom, excludes any kind of paternalistic intervention. "Paternalism is the interference of a state or an individual with another person, against their will, and defended or motivated by a claim that the person interfered with will be better off or protected from harm" (Dworkin, 2012). Nevertheless, Sunstein and Thaler argue that it is in fact possible to influence someone's behaviour while respecting their freedom of choice. That is where the overall idea of libertarian paternalism comes from: a nudge to influence someone's behaviour, while leaving other options to choose from.

During the 19th century, John Stuart Mill, a British philosopher and political economist, presented an argument about freedom where he explained that the only situation in which some form of paternalism was allowed to be implemented on a society or an individual against his/her will, was when aimed at avoiding him/her from harming the rest. In other words, unless there is some kind of risk towards the community, a government cannot exercise its power to engage people in some kind of behaviour. As a consequence, several laws and regulations were created to theoretically protect the community: prohibiting employees from working on unsafe or unprotected places, the need to get a medical prescription before acquiring certain medicines, etc. However, given that people have a tendency towards making mistakes, governments could, instead of issuing certain regulations, mandates, and laws to protect the citizens, use libertarian-paternalistic techniques to nudge citizens. Specially, given that nudges are often more cost-effective than prohibitions as they exclude the costs of monitoring and enforcing those bans and mandates. Therefore, nudges are considered to be a form of libertarian paternalism as individuals are guided towards a certain outcome (paternalism), but they are always given other options (freedom). Furthermore, given the rise and spread of behavioural economics and its new models, it has been proven that humans tend to make several mistakes, some of which might result extremely harming. Thus, this statement entails that nudges are justifiable within the principle of autonomy.

People who reject paternalism (or any form of it) argue that humans have always succeeded at making their own choices or, at least, they have done it better than anyone else would have (especially the government). When an individual pictures the concept of libertarian paternalism, the first idea that comes to mind is the government. If we recall the previously mentioned *Architecture of Cognition* by Kahneman, humans have two systems: the automatic and the deliberative, which can also be translated to the concept of Humans (System 1) and Econs (System 2). Econs are characterised by making unbiased decisions to optimize their well-being, considering all the available data: they are rational beings. In contrast, Humans lack discipline and often make decisions based on their instincts: they are irrational beings. For example, when planning how long will it take to study for a maths exam, a Human will optimistically forecast less time than it actually will. However, Econs will forecast a more reasonable and less confident amount of time. All the traditional economic models assume individuals to be Econs; to rationally choose the optimal option. However, people do not always select an option by using System 2; they more often act as Humans rather than Econs.

The assumption of Econs used in all the traditional economic models, raises a series of behavioural errors within the market (Sunstein, 2014):

- **Propensity towards the present, temporal unconsciousness and self-control:** according to standard economic theory, people both consider short and long-term periods when making a decision. However, the majority of people give up long-term benefits for immediate pleasures. In general, all problems regarding self-control are problematic because of temporal inconsistency: people's preferences at time A differ from those at time B. At time A, one might prefer to drink, smoke, spend or even gamble. Nevertheless, the outcome of these decisions might affect time B by making their life worse-off. For instance, in situations where one might delay the day to start exercising, joining a savings plan or stop smoking, nudges might be useful to boost self-control and enjoy the long-term benefits of such decisions.

- **Ignorance over certain attributes:** an experiment performed by Christopher Chabris and Daniel Simons proved that people is only able to pay attention to a certain number of attributes at the same time. In this experiment, participants had to count the number of times a basket ball was passed during a game. At the end of the experiment, these social scientists asked participants whether someone had noticed the gorilla on the video, and, in fact, no one had; all of them were so focused on counting the passes that none of them was able to notice a gorilla. The bottom line of this behavioural error is that the complexity and overload of information tends to be worse-off as individuals miss out on the most important aspects of the decision.

- **Non-realistic optimism:** while System 2 is realistic, System 1 is not. Behavioural economics researchers claim that people tend to make unrealistic predictions about their plans and behaviours. Critics argue that some amount of unrealistic optimism can boost motivation and thus, performance. However, it can also have catastrophic consequences if, for example, people decide to take more risks that may end up causing great losses.

- **Issues with probabilities:** as a general rule, System 1 is not characterised by properly managing probabilities. People evaluate the probability of an event happening by how fast they are able to recall it. In other words, if that specific event is cognitively available people may overestimate the likelihood of it happening. For example, insurance companies take advantage of this heuristic. The actual likelihood of experiencing a plane crash is lower than the probability of having a car crash. However, a plane crash is more dramatic and comes to our mind faster than a car crash.

These behavioural errors mentioned by Sunstein, alongside with Thaler's anomalies represent the reasons and justification for libertarian paternalistic interventions. As Thaler and Sunstein mentioned in the article *Libertarian Paternalism Is Not an Oxymoron:*

> Some kind of paternalism is likely whenever such institutions set out default plans of options. Our central empirical claim has been that in many domains, people's preferences are labile and ill-formed, and hence starting points and default rules are likely to be quite sticky. In these circumstances, the foal should be to avoid random, inadvertent, arbitrary, or harmful effects and to produce a situation that is likely to promote people's welfare, suitably defined (Sunstein et al., 2003).

4.1. Nudging's history

The aforementioned chapters highlight the fact that behavioural economics started gaining notice during the 1970s. However, one can tell that individuals have been persuading and encouraging each other since the existence of mankind. The art of persuasion has specially been used by leaders as alternative forms of power. David Halpern greatly clarifies this influence with an example about king Frederik the Great of Prussia. During the 1700s, famine and starvation were the main cause of death among the European nations. Populations were growing at a fast pace, while agriculture was not able to meet its needs. In an attempt to mitigate this problem, each head of nation tried to incorporate the potato to their people's daily diet. Nevertheless, the potato was viewed as rather a strange food which had an unfamiliar taste, grew underground and was heavily criticised by the Church (as it did not appear on the bible). That is why some leaders even decided to pass laws and regulations. King Frederik, after many attempts, including threatening peasants with cutting their noses and ears, decided to approach the issue with a more psychological view. On the one hand, he decided to create a "royal crop" characterised by being laxly guarded. On the other hand, he also started showing his "potato admiration". Consequently, the combination of both gave rise to an interest for the potato (D. Halpern, 2015). All in all, we have witnessed throughout the years multiple examples where leaders or influential characters have had an impact on the current trends or behaviours.

Although nudges may seem to take a more theoretical approach, they have already been used by local and national governments. Around the 1910s, the number of cars heavily increased; which means that greater speed brought with them the issue of car crashes. In order to decrease the number of crashes, someone noticed that their main cause was that cars eventually invaded the other side of the road. Thus, they thought of painting a white line in the middle of the road to separate on side from the other. This seemingly mundane action, which has eventually been applied to all roads, is a clear example of a nudge.

In summary, even though the idea of nudge was recently developed, the history behind its essence has existed for over centuries. However, one may question why this concept had not been noticed until now. The popularity gained over the years might be attributed to the recent urge of businesses and governments of finding other ways to encourage people's behaviour, which diverse from the considerably failed conventional policy tools. So, even though we might consider behavioural economics as a new trend, these examples distinctively prove that, in both cases, nudges were already used many years ago and, that they were made in order to improve people's daily lives.

4.2. Limitations and risks

Nudges are considered an extremely controversial topic. Once the concept behind it is fully understood, one might wonder whether they can be considered a tool or a form of manipulation. When analysing nudges, one's scepticism may be focused on either the surrounding paternalism or on the morally objectionable manipulation they involve. However, manipulation does not affect all types of nudges per equal. The most disputable nudges are the ones that influence the process of choosing in ways considered to go beyond the simple fact of providing information to a certain decision. Even though this type of nudges is considered to be a noninformational form of influence, individuals tend to interpret them as necessarily manipulative. Nudge defenders argue that the addition of nonrational influences (nudges) cannot be considered a form of manipulation because human decision-making is already influenced by these. Nevertheless, experts have proved that the fact that people's minds are already flooded with nonrational influences does not demonstrate that the use of more nonrational influences is not manipulative.

On the whole, as any other economic model, behavioural economics and, in this case nudges, have several critics or disadvantages. The benefits of the economic branch have been mentioned along the previous chapter and, are indeed clear: if properly used, they help individuals and society be better off. However, if the employed behavioural insights are powerful, they can be misused by governments and businesses. For the purpose of showing an overall general picture of the potential disadvantages of nudging, a series of already-considered downsides will be presented in three different topics: lack of transparency, lack of efficiency and lack of accountability (D. Halpern, 2015).

First of all, before further explaining the three types of disadvantages, one can identify several arguments that critics have presented against nudges. Nudges are perceived as being judgmental, moralising and arrogant, mainly due to the paternalism they present over the decisions. Specially, when the choice architect is believed to have better knowledge regarding what is best for the rest of individuals. However, behavioural economists argue that they are indeed moralising, but as any other tool applied to changing behaviour. Thus, choice architects must express their goals when nudging in order to avoid this kind of criticism. Then, nudges are also believed to manipulate one's freedom of choice by affecting decisions without individuals noticing it. In contrast, Pelle Guldborf and Andreas Jespersen explain that nudging can probably be viewed as manipulation, but so do other methods of behavioural change such as prohibitions or injunctions.

Lack of transparency

Nudges are often related to dubious and rather subconsciously manipulated propaganda. If this tool is based on the idea that the majority of decisions and behaviours depend on unconscious patterns of choice, can the public and the private sector take advantage of this by "tricking consumers"? At which point could nudges be considered a manipulation? The answer lies on the fact that Thaler and Sunstein, the originators of the term nudge, have always clarified that these should be both choice-enhancing, or, at least not choice-restricting, and transparent. The private sector, often referred to as behavioural predators, has and can take these tools to nudge for their own profit and not in the customer's best interest. This incorrect form of nudging is called phishing or evil nudges. On a New York Times article, Thaler exemplifies evil nudges by explaining a situation he encountered: one time, he received an email specifying that the first review from his new book had been written by the newspaper The Times London. When he clicked to read the article, he ran in to a pay wall offering a one-month trial subscription for £1. Nevertheless, when reading the fine print, he realised that he was required to provide his credit card information because he was going to automatically be enrolled as a regular subscriber, once the trial period expired, for a price of £26. Moreover, they also described that in order to cancel he had to file a 15 days' notice, which entails that the actual trial period was for two weeks (R. Thaler, 2015). So, in conclusion, this "nudge" violated the three principles established by the author: it lacked transparency, opting-out was too complex and it was not on the best interest of the consumer.

Lack of efficiency

Behavioural approaches are often criticised to be an excuse for not acting more decisively and effectively when making decisions. In other words, detractors claim that when a decision or act is "right or wrong" it should be outlawed, mandated or taxed directly (D. Halpern, 2015). Furthermore, leaving individuals to choose instead of being directly addressed, leaves them more exposed to risks. For instance, in the case of public health, the precautionary principle states that if a product or behaviour is known or considered to be unsafe, it should be limited or banned. So, when your thirteen-year-old kid tells you he/she is going to walk home at night after practice, your immediate response is no (instead of nudging them into not doing it).

Another setback regarding nudges, specially defended by the left wing, is that they are used as a justification to avoid more decisive actions on poverty and disadvantage. Otherwise speaking, instead of creating a massive job creation scheme, governments may be encouraged to design nudges that improve the job search activity. In summary, the real hazard in this situation is believing that nudges are the answer to every situation. Instead, as behavioural economists incorporate a different and wider view in comparison to the traditional economic models, they could reshape the conventional policy tools to make their more effective.

Lack of accountability

Behavioural approaches have always tried to emphasize the "libertarian" part of the libertarian paternalism. However, this fact does not entail that the paternalistic side of nudges does not exist. The lack of accountability limitation refers to the practitioner's absence of responsibility when affecting other people's behaviours. In other terms, which is the criterion by which the choice architect is believed to know better. Dan Ariely, an American-Israeli professor of psychology and behavioural economics, argued that all individuals have self-serving attributional biases, by which one tends to perceive oneself in an overly favourable manner. Thus, nudgers might be fooled when their interests happen to match another person's. This statement questions the ethicality of choice architects and nudges. When scientists perform experiments and trials, participants are asked to give consent. Nonetheless, when people are nudged, they are not agreeing to be part of an "experiment". The reason lies on the fact that, in this case, disclosure leads to intrusiveness and distortion of the experiment and, thus, the results would not be reasonable.

In conclusion, nudges do not present any extreme danger if they are transparent, free of choice and better-off for the individual. Moreover, they are cost-effective in comparison to other tools and, even though the might not present a permanent solution in many cases, they can potentially help boost already-established traditional economic policies. Nevertheless, some businesses and governments may take these tools and use them for their own profit.

4.3. *Once and future nudges for NGOs*

The previous chapters have given light to the fact that nudges have been applied since humans have been irrational. In this segment, one can find several examples of nudges that have already been suggested or used to improve participation in NGOs, as well as, an analysis of which of these could be applied for the purpose of this report.

Nowadays, Non-Governmental Organisations represent a vital and effective player on society's well-being because they address communities' concerns with the aim of creating a fairer and more equal world for all citizens. However, public participation in NGOs is not ideal. Some marketing tools have already been applied throughout the years, such as promotion through well-known public figures or advertisements on television, but nudges might entail a new turning point for this field, mainly due to its cost-effectiveness and easy implementation. Furthermore, NGOs and nudges have the same overall objective: making individuals' lives better off. All in all, the traditional techniques, such as fundraising or social advertising, encourage people to internalize a society's norms in order to act accordingly. In contrast, nudges aim to achieve this norm compliance through minor situational factors.

Despite the fact that one of nudge's main characteristics is their basis on libertarian paternalism, when applied to a charitable context they are being used to alter other-directed behaviour, instead of self-directed behaviour (Hobbs, 2017). Consequently, paternalism does not represent neither a limitation nor a risk on these situations. Thus, given that this type of nudges does not require a nudging authority to overlook an individual's best interests, nor are aimed at making individuals' life better off, they are not heavily affected by paternalistic insights.

For the purpose of obtaining a much more structure set of potential nudging examples, these will be classified into three types (Hobbs, 2017): first-category nudges, second-category nudges and third-category nudges.

First-category nudges are characterised by displaying factual information or reminders and are often criticised for not being actual nudges and not being applicable for charitable cases. An example of a first-category nudge includes the warning labels on cigarettes. The application of these nudges in a charitable context has often been questioned and accused of appealing to manipulative techniques. The simple information that might appear on a charity advertisement regarding the fact that "more than 5,000 children die of poverty-related causes everyday" can provoke an emotional response that is thought to interfere with one's rational deliberation. Nevertheless, some experts argue that first-category nudges can indeed be used without being manipulative in order to facilitate donations by providing information regarding how to donate, or by giving factual information regarding a charitable project with the aim of inspiring people.

Then, second-category nudges encompass those techniques that incorporate behavioural aspects that bias an individual's decision towards a predetermined desired direction. A clear example of this type of nudges is the "Don't Mess with Texas" anti-littering campaign. This campaign was aimed to reduce littering in Texas and it was specially targeted towards the segment of 18 to 35-year-old males, who statistically proved to be the most likely to litter. Basically, instead of reducing the problem through the traditional economic channels, they decided to nudge individuals into not littering by appealing to an ideal of masculinity. The campaign was advertised by American football players, which created an association in these individuals' minds between masculinity and anti-littering. In a charitable case, the non-altruistic source of motivation would be the linkage of donating to a high social status. In other words, NGOs could publicize the name of the people who donate money as an incentive.

Finally, third-category nudges represent the most controversial category because they are based on the individual's inattention, instead of using prudential motives. Consequently, they are said to lack transparency as the affected individual is not aware nor fully understands the behavioural change. The most common example is the switching from an opt-out to an opt-in default in a workplace giving scheme. Given that the most popular practices of third-type nudges are the opt-out and opt-in schemes, the possibility of using them in a charitable context is highly limited. Basically, in order for them to work, a transaction with a default option needs to exist and it must be possible to alter it. There are many enterprises that encourage people to donate a certain amount of money when purchasing some good and/or service they offer. For example, when purchasing a ticket for some event or activity, the website Atrapalo.com offers the possibility of donating a small amount of money, which is an opt-in scheme. However, switching this default to an opt-out in a charitable context is not as easy as in a workplace giving scheme. The limitation of third-category nudges in this case lies on the fact that the third parties involved (Atrapalo) would hardly agree on employing an opt-out default because the partnership with the charity would be less obvious and the deceptive nature of the transaction might endanger the third party's reputation.

Once this previous analysis regarding three types of nudging categories and their potential applications in a charitable context has been made, other specific examples can be added.

A potential nudge for NGOs might entail a program designed to encourage participants to lose weight or stop smoking. Both outcomes require a certain amount of willpower and commitment that irrational human beings lack. So, in order to activate this desired behaviour, as well as self-control, this program might be the solution: each participant enrols by giving a specific amount of money and pledging to accomplish certain results within a period of time; if the objectives are met, the money is returned to the participant, if not, the money is donated to a charity.

Another example of application which has already been used is the "charitable competition". A French NGO called "*Priorterre*" wanted to sensitize people about energy saving, so they decided to organise this competition by gathering around 7,500 families aimed to reduce their energy consumption by an 8% in order to obtain several prices. So, in order to activate the desired behaviour of saving energy, they stimulated participation through several related prices.

In conclusion, several examples of nudges have already been used in the context of NGOs, but not all types of nudges are suitable. So, it is important to find a nudge that motivated people, while promoting the charitable context.

5. The 07gift project

"The 07gift is a project that aims to link market and donation creating a stable platform of donors giving the 0,7% of their expenditure to international cooperation projects." (Volunteers of Foundation Montblanc, n.d.)

The 07gift project is a charitable program led by students and teachers of the Faculty of Economics and Business at the University of Barcelona and focused on accomplishing the 0,7% ODA target of national income established by certain developed countries. The official development assistance entails any type of aid, excluding loans for military purposes, aimed at promoting economic development and welfare. In the 1970s summit, it was first agreed to internationally help developing countries by donating the 0,7% of the donors' expenses and it has been repeatedly re-endorsed throughout the years. Nevertheless, despite the many concentrated efforts to raise the money from the developed countries for the developing countries, it has still not been reached. That is why, the University of Barcelona decided to create this project: to raise awareness of different projects among the students and participants and to raise funds to help this cause. However, the participation within the students of the University of Barcelona has not been as high as it could. That is why one of the objectives of this research is to increase participation and awareness regarding the projects of this charitable cause.

III. METHODOLOGY

In this methodology section, one can find described the actions that have been taken to investigate the initial hypothesis and some of the specific objectives, as well as the techniques and procedures used to identify, select, process and analyse the information applied to understanding the problem.

The methodology of this report consists on a literature review and a quantitative research aimed at collecting data regarding different aspects related to participation in NGOs. The information has been gathered through a questionnaire performed in two different scenarios: a classroom and via internet. The overall main interest of this questionnaire is that it encloses a nudging experiment in which six groups are sampled according to different framing techniques:

- Control group
- Endowment group
- Loss aversion group
- Social proof group
- Personalisation group
- Social proof and endowment group

The questionnaire includes the same questions for all groups, yet the initial explanation of the first section is framed differently. The control groups represent the participants sampled with no influence from nudging techniques, that will serve as benchmark to measure how the other tested subjects do. The endowment group will receive a questionnaire introduced by a sentence that highlights the importance of their opinion and/or experience regarding the matter in order to encourage participation. Further on, the loss aversion group will be nudged based on people's tendency to avoid losses. Thus, the framing sentence will include aspects that reflect on the fact that the participants cannot miss the opportunity to share their thoughts and opinions. Then, the social proof group will face a reference that they ought to join their fellow colleagues who have already answered the questionnaire, in order to induce social approval. The personalisation group will encounter a nudging frame that points out that they have specially been chosen to take part in the survey. Finally, the social proof and endowment group entails a combination of both categories, hence including two sentences that both highlight the importance of their opinion and the fact that their colleagues have already participated.

All in all, all the sampling groups include a default text that neutrally explains the questionnaire and the project, as well as one or more sentences that frame the previously explained scenarios:

- **Control group:** *"Las ONGs siempre están intentado mejorar su red de servicios a aquellos que más lo necesitan. El proyecto The07gift busca crear una comunidad de personas (o empresas) que donen el 0,7% de sus gastos (o beneficios) a* *proyectos de desarrollo. De esta forma el mercado se transforma en una red de donaciones que mejora la igualdad. Por eso the 07gift agradecería si puedeses participar en esta breve encuesta sobre tu opinión y/o experiencia con organizaciones sin ánimo de lucro."*

- **Endowment group:** *"Las ONGs siempre están intentado mejorar su red de servicios a aquellos que más lo necesitan. El proyecto The07gift busca crear una comunidad de personas (o empresas) que donen el 0,7% de sus gastos (o beneficios) a proyectos de desarrollo. De esta forma el mercado se transforma en una red de donaciones que mejora la igualdad. Tu opinión sobre este tema representa una parte vital del proceso. Por eso the 07 gift agradecerían si pudieses participar en esta breve encuesta sobre tu experiencia con organizaciones sin ánimo de lucro."*

- **Loss aversion group:** *"Las ONGs siempre están intentado mejorar su red de servicios a aquellos que más lo necesitan. El proyecto The07gift busca crear una comunidad de personas (o empresas) que donen el 0,7% de sus gastos (o beneficios) a proyectos de desarrollo. De esta forma el mercado se transforma en una red de donaciones que mejora la igualdad. No te pierdas la oportunidad de descubrir nuevas experiencias con tan solo participar en esta breve encuesta sobre tu opinión y/o experiencia con organizaciones sin ánimo de lucro."*

- **Social proof group: "***Las ONGs siempre están intentado mejorar su red de servicios a aquellos que más lo necesitan. El proyecto The07gift busca crear una comunidad de personas (o empresas) que donen el 0,7% de sus gastos (o beneficios) a proyectos de desarrollo. De esta forma el mercado se transforma en una red de donaciones que mejora la igualdad. El feedback que reciben cada día de personas como tú les ayuda a conseguir sus objetivos. Únete al resto de personas que han dado su opinión sobre las organizaciones sin ánimo de lucro."*

- **Personalisation group:** *"Has sido escogido para participar en esta encuesta. El proyecto The07gift busca crear una comunidad de personas (o empresas) que donen el 0,7% de sus gastos (o beneficios) a proyectos de desarrollo. De esta forma el mercado se transforma en una red de donaciones que mejora la igualdad. Ayuda al equipo de the 07 gift a mejorar su red de servicios a aquellos que más lo necesitan, compartiendo tus opiniones y/o experiencias con organizaciones sin ánimo de lucro."*

- **Social proof and endowment group:** *"Las ONGs siempre están intentado mejorar su red de servicios a aquellos que más lo necesitan. El proyecto The07gift busca crear una comunidad de personas (o empresas) que donen el 0,7% de sus gastos (o beneficios) a proyectos de desarrollo. De esta forma el mercado se transforma en una red de donaciones que mejora la igualdad. Tu opinión sobre este tema representa una parte vital del proceso. Únete al resto de personas que han dado su opinión sobre su experiencia con organizaciones sin ánimo de lucro. El equipo de the 07 gift te lo agradecerá."*

As one can observe, the questionnaire is written in Spanish, instead of English to encourage as much participation as possible. Nevertheless, for the purpose of this report, the following analysed sections of the questionnaire will be translated to English. Furthermore, the procedure of the experiment is performed through two different channels. On the one hand, it is presented to three classrooms from the Faculty of Business and Economics of the University of Barcelona. The students of each class are briefly instructed with the dynamics and structure of the questionnaire, as well as the main goals of the experiment: to help improve the strategy and participation of the 07gift in order to enrol more participants in their projects and to perform an economic-based experiment regarding behavioural non-rational decisions. It is important that the nudge section is not specifically mentioned in order to not alter the final results. Once participants have understood the procedure of the experiment, they are asked to fill the questionnaire which has previously been uploaded to the virtual campus of the corresponding course.

On the other hand, the questionnaires are also randomly distributed and spread via sharing the link. By doing so, a wider range of people can be reached and, especially a wider target of participants can be further compared.

In both situations, the questionnaire is divided in three different sections: an introductory section about the participant's experience and opinion about NGOs, a more specific section which focuses on the 07gift, and a final section related to nudging.

6. Section One: Participation in NGOs

As previously mentioned, this first section introduces the questionnaire by asking six different questions regarding the participant's experience and/or opinions about NGOs. Nevertheless, in order to further classify and analyse the obtained results, the age of the participants must be determined in the first question:

1. **How old are you?** *

- Under 18
- Between 18 and 24
- Between 25 and 34
- Between 35 and 50
- Older than 50

Then, the two following questions are focused on their own experience (or non-existent experience) with NGOs. The first one refers to whether the individuals have ever contributed in any form to an NGO, and the latter aims to in which field does this NGO work on mainly to know which could be considered the most popular area:

2. **Have you ever contributed in any kind of way to a NGO?** *

- Monetary contribution
- Volunteering
- Both
- No, I have not

3. **If you have, in which field does the NGO work or which NGO was it?**

Subsequently, the next two questions mention, on the one hand, which factors does the individual take into account when contributing to a charitable cause, and, on the other hand, through which platform do they usually acquire the information regarding the matter. These two questions also constitute an important aspect mainly because the information can be further used to focus the resources in the project with the highest potential. Moreover, the channels through which this information is gathered are essential to optimize and redistribute the marketing expenses of the NGO:

4. **Which is the most important factor for you when choosing an NGO to contribute to?** *

5. **Through which platform have you heard about NGOs?** *

- Internet
- Social media
- The news
- Friends and family
- Advertisement
- Otro:

Finally, the last question of the section presents a scaled forecast in which individuals have to predict the likelihood that they will contribute in any way to a charitable cause:

6. **From 0 to 10, which is the possibility that you contribute to an NGO during the following 12 months?** *
Marca solo un óvalo.

4 5 6 7 8 9 10

7. Section Two: The 07gift project

This section focuses more on the charitable project chosen for the purposes of this report as an example of how participation could be increase through the usage of nudges. This part of the questionnaire is also introduced by a brief description of the 07 gift:

"El proyecto The07Gift tiene como objetivo promover donaciones desde la sociedad civil, para complementar e impulsar la Ayuda Oficial al Desarrollo (AOD). Se inspira en la conocida hito (que los países desarrollados lleguen a dar el 0,7% de su PIB en AOD), en el 17e Objetivo de Desarrollo Sostenible (ODS) de la ONU."

This short explanation helps participants to better understand the goal of the questionnaire, as well as raising awareness of the existence and the main characteristics of the project.

The first question of the section focuses on the most salient feature of the 07 gift: the demand that the developed countries give a 0,7% of their GDP to the developing countries, as it was previously agreed by the Development Assistance Committee (DAC) members.

7. **Do you consider it fair for the developed countries to give a 0,7% of their GDP to the developing countries?** *

Yes
No

Moving on, individuals are asked to choose the field in which they would be more interested to participate on. In other words, they are presented with four types of projects from the 07 gift in order to know which can be considered the most popular. This can further lead to a redistribution of the resources that are applied to each project and can also be applied to other charitable projects in terms of participants' preferences.

8. **Which project would you be more interested in?** *

- Child health
- Female empowerment
- Land development and productivity
- Education

The final two questions are more oriented to those individuals who are interested in the 07 gift and, thus, are potential participants and/or donors. The first one raises awareness regarding the fact that this project is organised by the University of Barcelona and, given that the experiment is mainly focused on students of this university, they ought to know that the process enrolment is easier for them in comparison to other projects. Moreover, the last question of the section directly requests participants to choose in which way they would collaborate or whether they are not interested in order to exactly obtain a percentage of students that actually want to be part of the 07 gift and a percentage of individuals that are not interested.

9. **Knowing that the University of Barcelona contributes to the organisation of these programs, would you enroll or contribute in some way to one of them?** *

- Yes
- No
- Tal vez

10. **Would you like to collaborate with the 07 gift by** *

- Donating the 0,7% of your income or expenses
- Help organise a funding event
- Collaborate in one of their projects
- No, I am not interested in collaborating

Furthermore, the last question is framed to encourage individuals to unconsciously picture themselves collaborating with the organisation by choosing whether they would donate money, help organise some event or cooperate in the projects.

8. Section Three: Nudges

The last section of the questionnaire does not apparently have to do anything with the overall topic. Given the fact that this report is based on the potential effects of behavioural changes (or nudges) regarding the increase of participation in NGOs, it would be both necessary and interesting to study the reaction some participants have when told about the existence of these techniques. Nevertheless, as explained on the theoretical framework, the concept of nudge is not easy to explain, especially on a brief questionnaire. As a result, six questions with examples and short explanations were made in order to test the initial reaction of a sample towards nudging.

First of all, just as in the other sections, a short description appears to introduce the segment in order to provide a definition of nudging:

"Un nudge es una acción o método cuyo objetivo es influenciar una decisión para mejorar el bien de un individuo y/o una comunidad. Se trata de pequeños "empujoncitos" que de manera consciente o inconsciente mejorarán el comportamiento de un individuo."

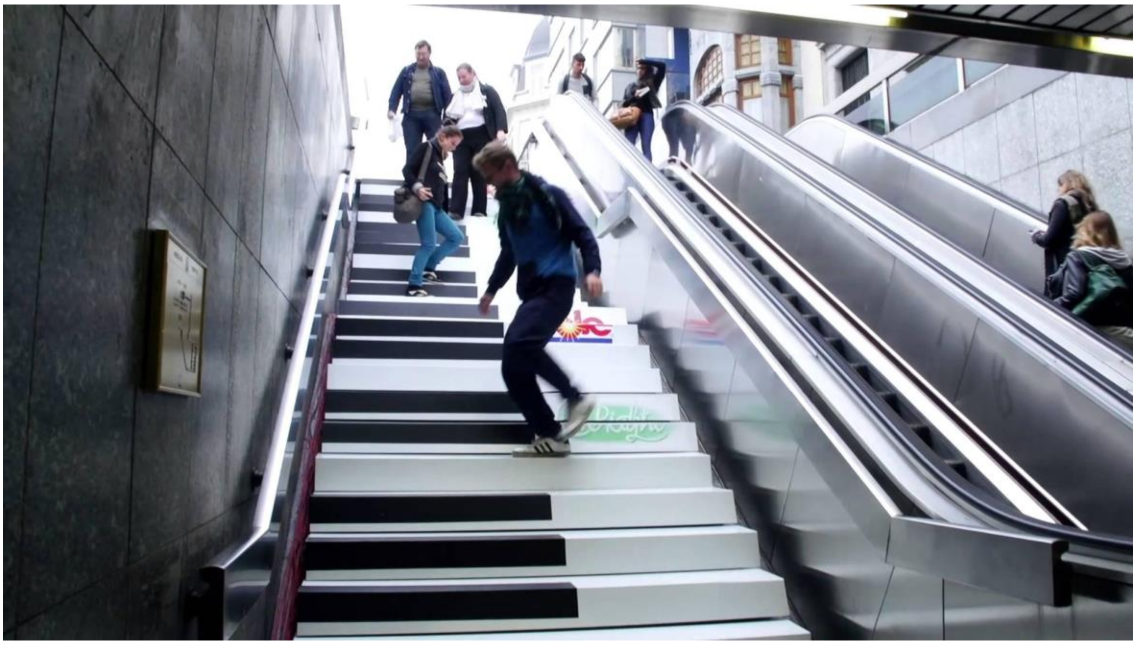
Once the definition has been stated, the first question participants are asked is whether they had ever heard about nudges before. This question basically allows to set a precedent regarding the percentage of population aware of this type of behavioural techniques:

11. **Have you ever heard about nudging?** *

- Yes
- No

Despite the fact that participants are provided with a nudging definition, it can be difficult to understand the overall concept and its potential application. Consequently, individuals are presented three pictures with a nudging example and a brief sentence which describes the ongoing situation:

"This image represents an example of a nudge whose objective is to encourage people to take the stairs, instead of the escalator."



After showing the exemplifying picture, participants are asked a question regarding an estimation of the likelihood of using the stairs instead of the escalator:

12. **If you had seen these stairs walking out of the subway, would you have used them, instead of the escalator?** *

- Yes
- No
- Maybe

The second picture emphasizes the fact that nudges are aimed to improve the whole society's life, so participants are faced with a nudge aimed at reducing littering on the streets, as well as with a question about their opinion regarding this characteristic:

"This image represents an example of a nudge whose objective is to reduce littering on the streets."

13. **Do you believe that nudging promotes socially accepted behaviours?** *

- Yes
- No
- Maybe

The third and last illustration aims to visually represent the supermarket example established at the introduction of this report. The image corresponds to the aisle of a supermarket in which the fresh fruits and vegetables are positioned in a special shelf and indicated with a highlighting name board. Moreover, the following question directly asks participants whether they would have potentially bought more fresh vegetables:

"Imagine you are at the supermarket and you see the fresh vegetables in the middle of the aisle."

14. **Do you think that the chance you end up buying fresh vegetables would be higher?** *

- Yes
- No
- Maybe

Finally, the last two questions of the questionnaire focus more on the controversial aspects of nudging. The first one requests participants to express their opinion on whether they believe nudging is a form of manipulation and the last one asks if they think society should be more informed about these techniques or not.
In summary, this questionnaire outlines the main aspects of this report and helps to further analyse the results to, on the one hand extract conclusions regarding the viability of nudging to increase participation in NGOs and, on the other hand, give more visibility to the 07gift project.

15. **Would you consider nudging a form of manipulation?** *
Marca solo un óvalo.

- Yes
- No
- Maybe

16. **Do you believe that society ought to be more informed about this type of techniques?** *
Marca solo un óvalo.

- Yes
- No
- Maybe

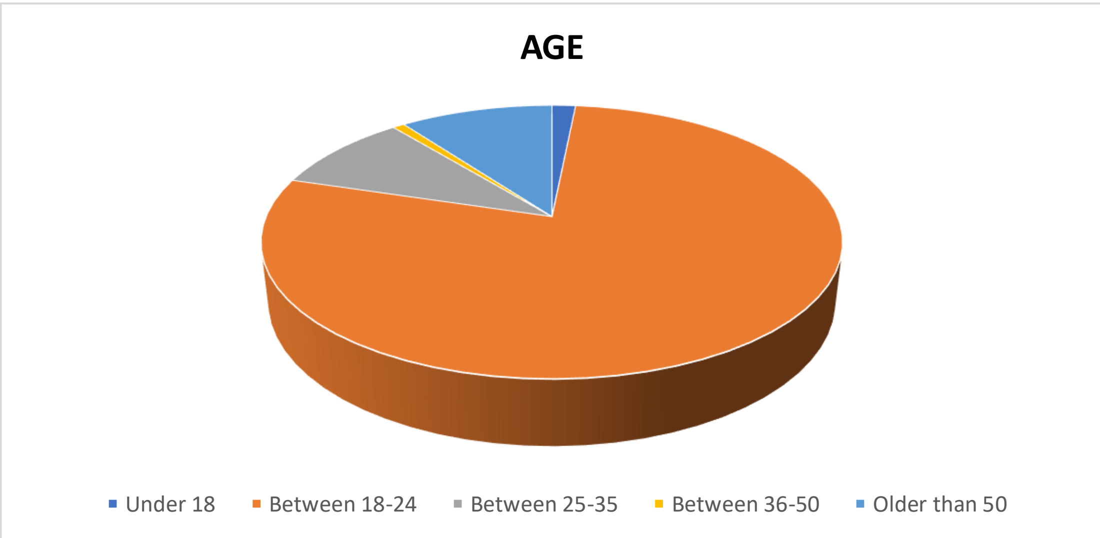
IV. RESULTS

In this section one can find the results of the previously conducted experiment regarding the viability of nudging individuals to increase participation of NGOs and raising awareness about the07 gift project. The results are reported in the three different sections: participation in NGOs, the 07gift project, and Nudges. These sections are based on the three parts of the questionnaire and will be further analysed in a fourth section. Furthermore, the results will be presented altogether, as well as separately.

9. Section One: Participation in NGOs

As previously explained, this section of the questionnaire started with an introductory question aimed at classifying the participants. The sample of the experiment includes 128 participants from different ages classified in the following groups: under 18, between 18 and 24, between 25 and 35, between 36 and 50, and older than 50.

AGE	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Under 18	0	0	2	0	0	0	2
Between 18-24	11	16	21	17	13	22	100
Between 25-35	1	0	1	1	1	8	12
Between 36-50	0	0	1	0	0	0	1
Older than 50	1	0	2	2	0	8	13
TOTAL	13	16	27	20	14	38	**128**

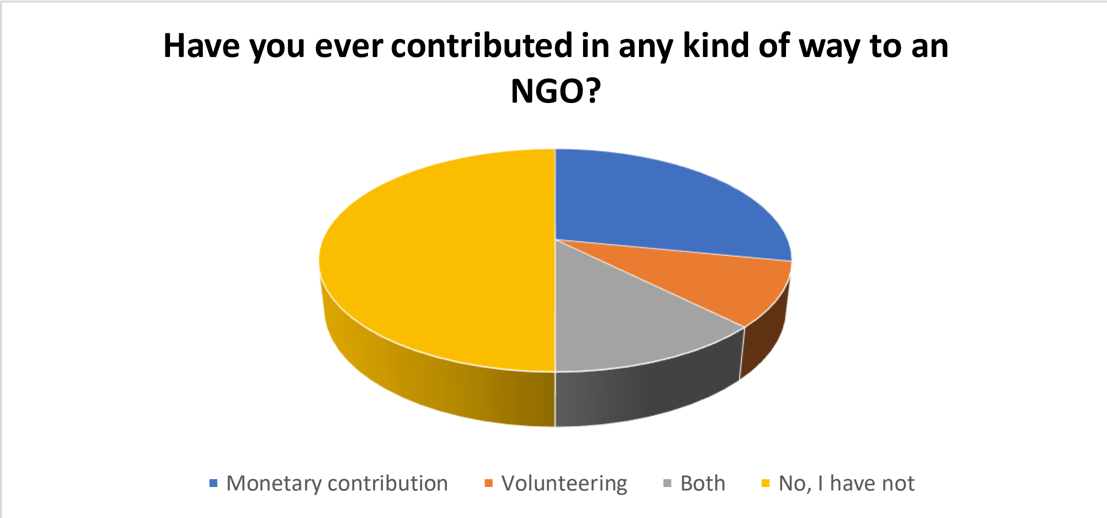


As the table shows, the age range with the highest participation has been between 18 and 24 years old with 100 participants. The reason behind it lies on the fact that the questionnaire was mainly presented to two university classrooms where the majority of people are in that range. Moreover, as one can see, the personalisation questionnaire has received the highest participation and interest with 38 participants.

Then, participants were asked whether they had ever contributed to an NGO and, if so, which was the name of the NGO or the field it works on. The given options were:

monetary contribution, volunteering, both, or no, I have not. The majority of participants (64 out of 128 (50%)) claimed that they have not ever contributed in any form to an NGO and, from those who have, 56% (36 participants) have given a monetary contribution. Moreover, this pattern has repeated over all the groups, with the exception of the personalisation and the social proof groups who have had more participants who have contributed in some sort of way than who have not ever contributed.

PARTICIPATION	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Monetary contribution	2	2	5	10	4	13	36
Volunteering	3	1	2	0	1	5	12
Both	1	1	5	2	2	5	16
No, I have not	7	12	15	8	7	15	64
TOTAL	13	16	27	20	14	38	**128**

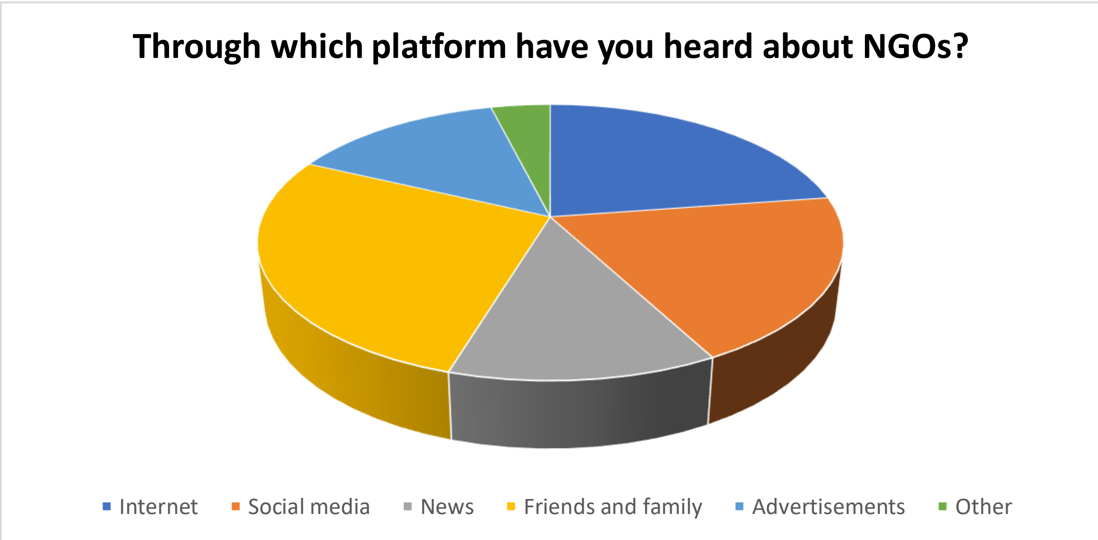


The question regarding the field of the NGO was not mandatory, given that some participants have not ever contributed to one. Among those who had, the answers were varied, so nine generic fields were created in order to classify the participants' responses: children and education, female empowerment, refugees, developing countries, local issues, environment, health, animals and disabled people. From the 47 people who answered this question, around 36% (17 participants) claimed to have contributed or be interested in NGOs in the children and education's field, such as UNICEF, Intermon Oxfam, or in other ways such as children sponsorship. Also, 24% (11 participants) said to have contributed in NGOs that help with local issues, such as *"La marató"*, *"El Banc d'Aliments"* or different types of actions in *"El Raval"*. Following up, 7 participants answered that they have contributed to organisations that help developing countries, 5 of them, organisations who help with health issues, such as *"Cruz Roja"*, 2 of them to female empowerment causes and 2 of them to organisation who help disabled people. Lastly, these three classifications were suggested by one participant each: refugees, environment issues and animals.

The following two questions were aimed at further exploring which is the critical aspect people look at when contributing at an NGO and where they usually hear about the existence of such organisations. The question regarding the main aspect they look for when contributing to a charitable organisation was an open question and, surprisingly, participants were very polarised in their answers: 61 participants (48%) claimed that they look at the cause, the aim and the objectives of the organisation; and 67 participants (62%) explained that they want transparency, credibility and trust. Some of them even said that they do not contribute in any way unless they are sure that their money or time is going to a trustable entity or cause.

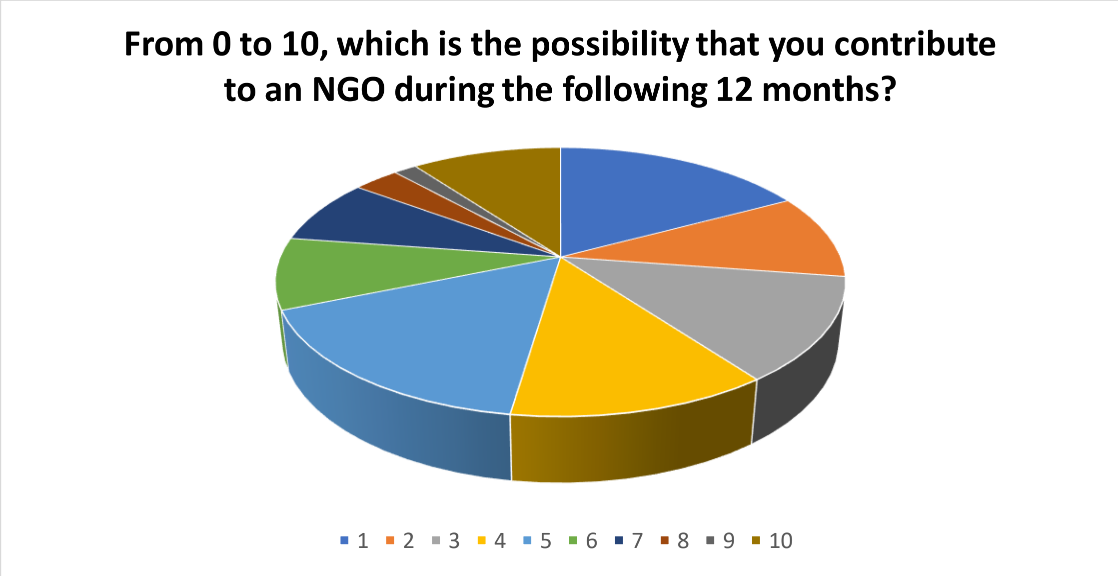
In contrast, the answers regarding the platforms in which they usually hear about charitable entities are varied. The majority of participants, 27%, claimed to have heard about NGOs mainly through friends and family; around 42% of the participants learned about these projects via internet or social media; 27% of them asserted to have obtained the information from the news and advertisement. Finally, the remaining 4% of the participants said that they heard about it in school or church.

PLATFORMS	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Internet	2	4	5	3	3	12	29
Social media	3	4	4	2	6	6	25
News	2	3	3	2	1	5	16
Friends and family	5	2	8	7	3	10	35
Advertisements	0	2	6	6	1	3	18
Other	1	1	1	0	0	2	5
TOTAL	13	16	27	20	14	38	**128**



The last question of the first section of the questionnaire asks participants to briefly forecast the likelihood of contributing to an NGO during the following 12 months. For the purposes of this study, we will consider that the people that answered from 1 to 4 will not contribute to a charitable project; the ones that answered from 5 to 7 will most likely participate; and the ones that answered from 8 to 10 will surely contribute. Thus, 67 participants said that they will not participate in an NGO during the following 12 months (52% of the sample); 42 participants will probably participate (33% of the sample); and, finally, 19 people answered that they will surely contribute to an NGO (15% of the sample).

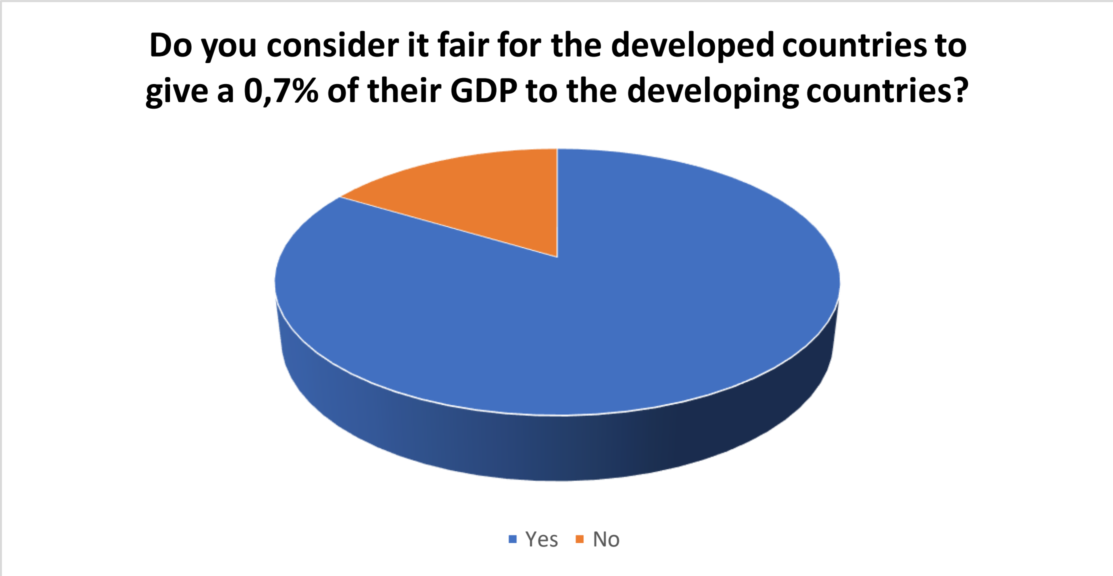
POSSIBILITY TO CONTRIBUTE	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
1	2	3	4	3	1	9	22
2	0	2	1	5	4	1	13
3	1	1	4	1	3	6	16
4	2	2	3	1	3	5	16
5	6	3	3	1	1	7	21
6	1	0	4	3	0	3	11
7	0	4	2	1	1	2	10
8	0	1	0	2	0	1	4
9	0	0	1	0	1	0	2
10	1	0	5	3	0	4	13
TOTAL	13	16	27	20	14	38	128



10. Section Two: The 07gift

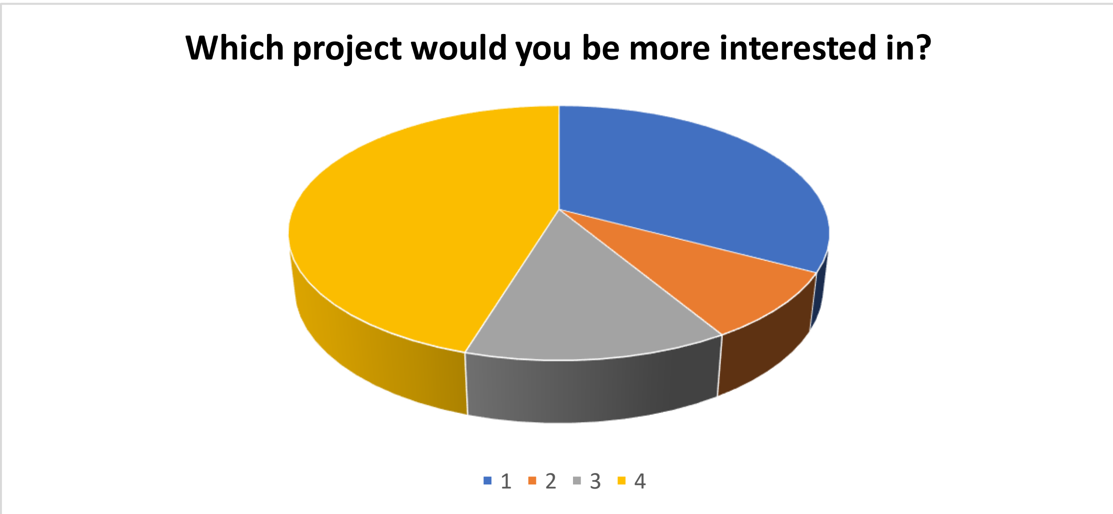
The results of this section entail the turning point of the whole study because it can help the organisation of the project to better understand what potential participants are seeking and, also, to raise awareness of the project among university students. Clearly, participants do indeed agree with the 07gift's main purpose of eventually gathering all the developed countries together to donate 0.7% of their expenses, with 107 participants (84% of the sample) answering yes.

DONATE 0,7%	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	13	11	24	17	10	32	107
No	0	5	3	3	4	6	21
TOTAL	13	16	27	20	14	38	128



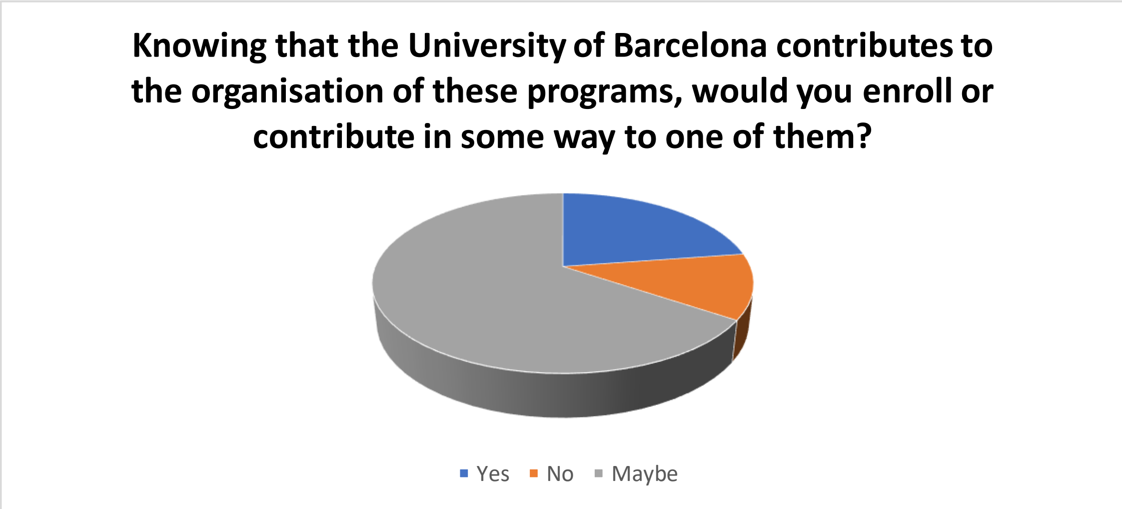
Then, participants were asked to point out which of the projects that the 07gift performs was more attractive to them: child health, female empowerment, land development and productivity or education. The most popular project is the education one with 45% of participants choosing it, and the least favourite one was the female empowerment project with only 8.5% of participants choosing it.

PROJECTS	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Child health	3	7	7	5	7	13	42
Female empowerment	1	2	2	4	2	0	11
Land development and productivity	1	2	3	3	0	8	17
Education	8	5	15	8	5	17	58
TOTAL	13	16	27	20	14	38	**128**



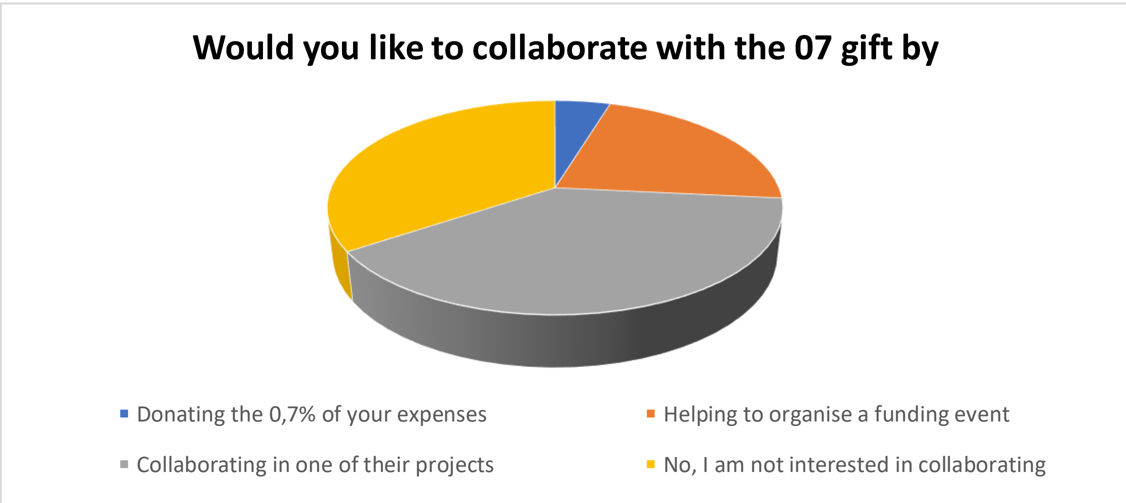
The final two questions of this section are targeted to the students of the University of Barcelona, as they ask participants whether they would contribute to one of the 07gift's projects if they knew that the University of Barcelona is the one organising them, and in which way they would contribute. The participants at the personalisation group represent the highest potential contributors with 9 of them claiming that they would indeed participate in the projects knowing that the University of Barcelona is the organiser. The groups with the least potential participation are the endowment group and the endowment + social proof group.

	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	5	2	7	4	2	9	29
No	0	5	1	2	3	4	15
Maybe	8	9	19	14	9	25	84
TOTAL	13	16	27	20	14	38	**128**



The last question directly asks participants how would they collaborate with the 07gift: by donating the 0,7% of their expenses, by helping to organise a funding event, by collaborating in one of their projects or "No, I am not interested in collaborating". The most popular answer is "collaborating in one of the projects", with 50 participants choosing it (39% of the sample). Furthermore, more people are interested in collaborating in one of the 07gift's projects than people who are not interested in collaborating at all.

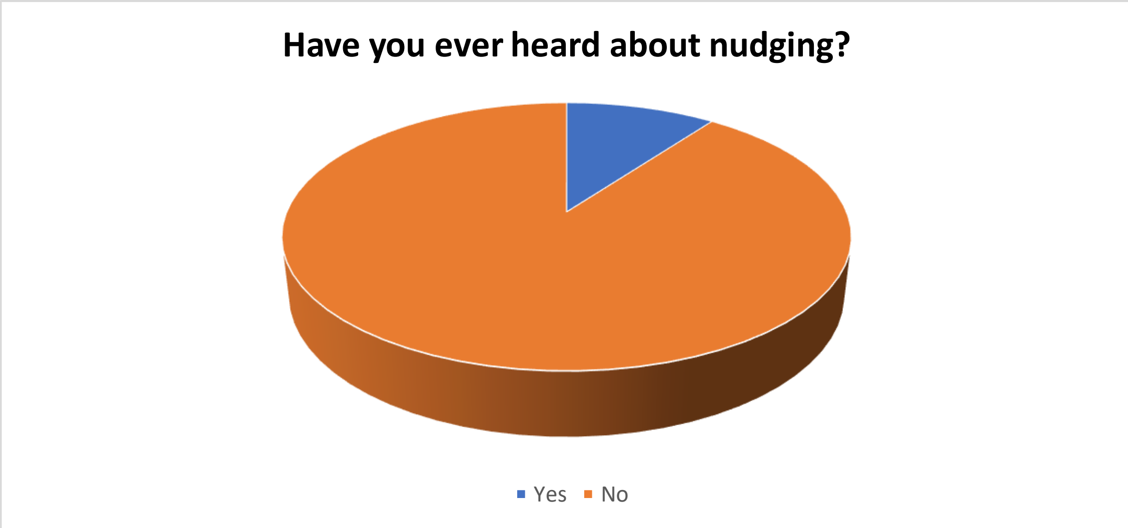
	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Donating the 0,7% of your expenses	1	1	0	2	1	1	6
Helping to organise a funding event	2	4	3	4	2	13	28
Collaborating in one of their projects	0	5	18	6	9	12	50
No, I am not interested in collaborating	10	6	6	8	2	12	44
TOTAL	13	16	27	20	14	38	**128**



11. Section Three: Nudges

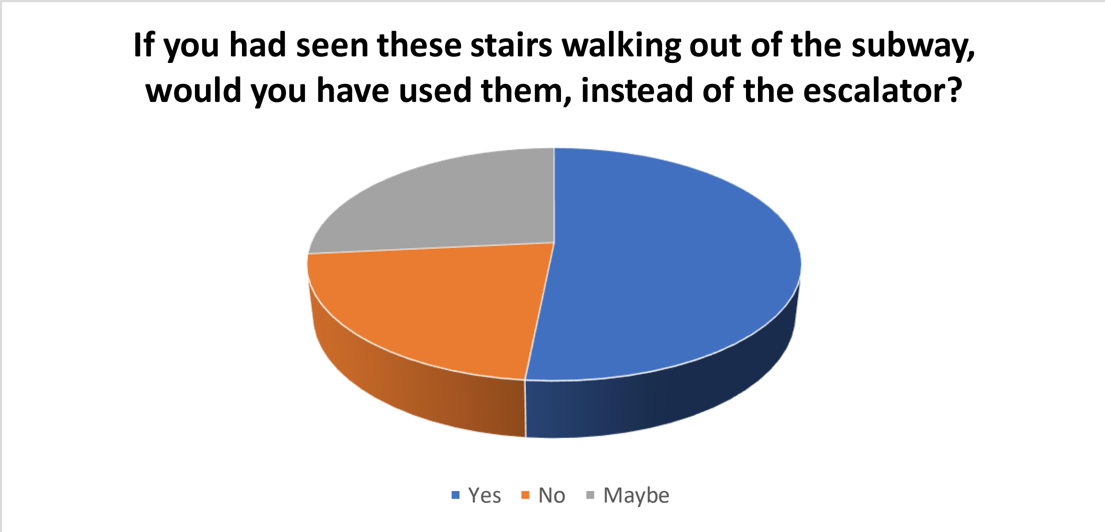
This last section of the questionnaire aims at introducing the nudging concept to the participants in order to further analyse their initial reactions and its potential use in our daily lives. The first question simply asks whether participants had ever heard about this behavioural economics application. Clearly, around 90% of the participants had never heard about nudging before, and only 13 of them had.

	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	2	1	2	2	0	6	13
No	11	15	25	18	14	32	115
TOTAL	13	16	27	20	14	38	**128**



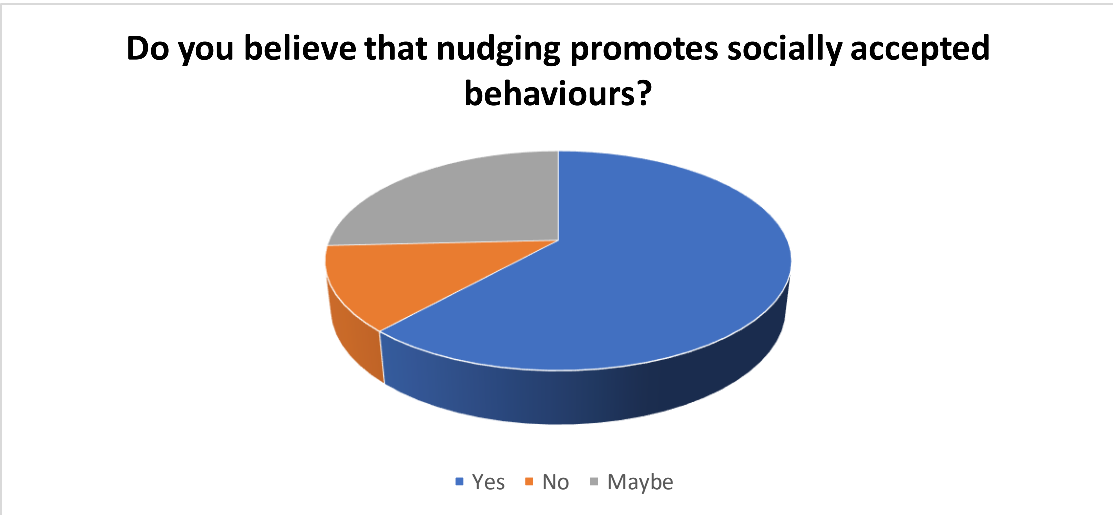
The following three questions of the section represent three examples in which nudging is used in different situations with the aim of making individuals' lives better off. The first picture exemplifies an experiment performed in order to encourage people to use the stairs, instead of the escalator. Then, participants are asked whether they think they would have used the stairs instead of the escalator. The majority of participants, (52% of the sample), said that they would have used the stairs, whereas 28 participants stated that they would have not. The rest of the sample claimed that they may have used them, but since nudges are based on the automatic system and this question lets participants analyse the situation instead of unconsciously choosing it, the "maybe group" might be included in the "yes group" .

	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	7	8	14	10	8	19	66
No	4	2	6	3	3	10	28
Maybe	2	6	7	7	3	9	34
TOTAL	13	16	27	20	14	38	**128**



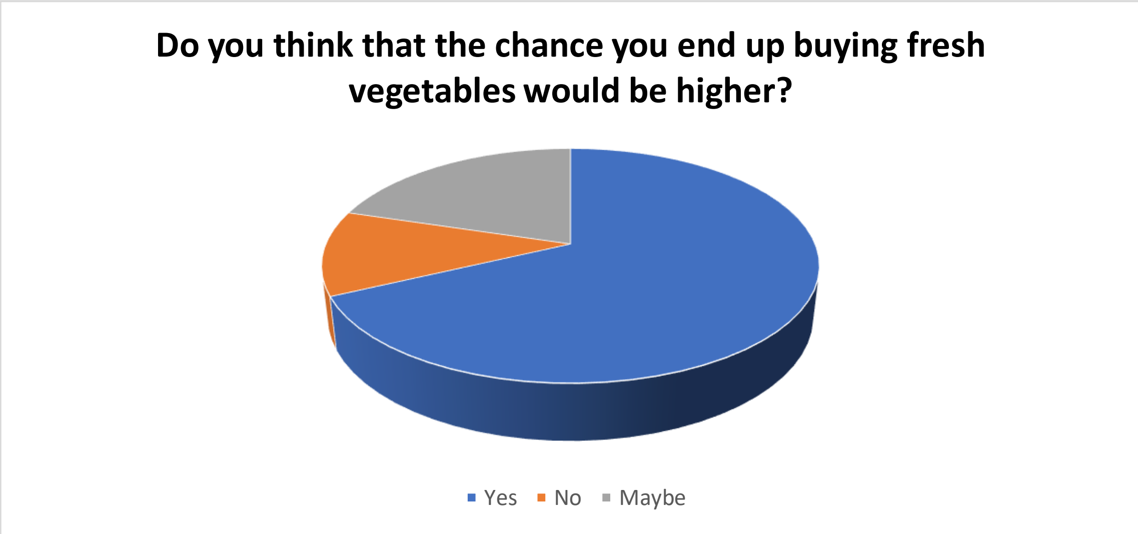
The next example is more focused on the aspect of nudges determined to improve one's behaviour, so by showing a picture of a nudged aimed at reducing littering on the streets, participants were asked whether they believe nudges promote socially accepted behaviours. Indeed, 62% of the participants considered nudging as a way of activating socially accepted behaviours such as the reduction of littering.

	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	8	10	10	11	11	29	79
No	3	3	3	2	2	3	16
Maybe	2	3	14	7	1	6	33
TOTAL	13	16	27	20	14	38	**128**



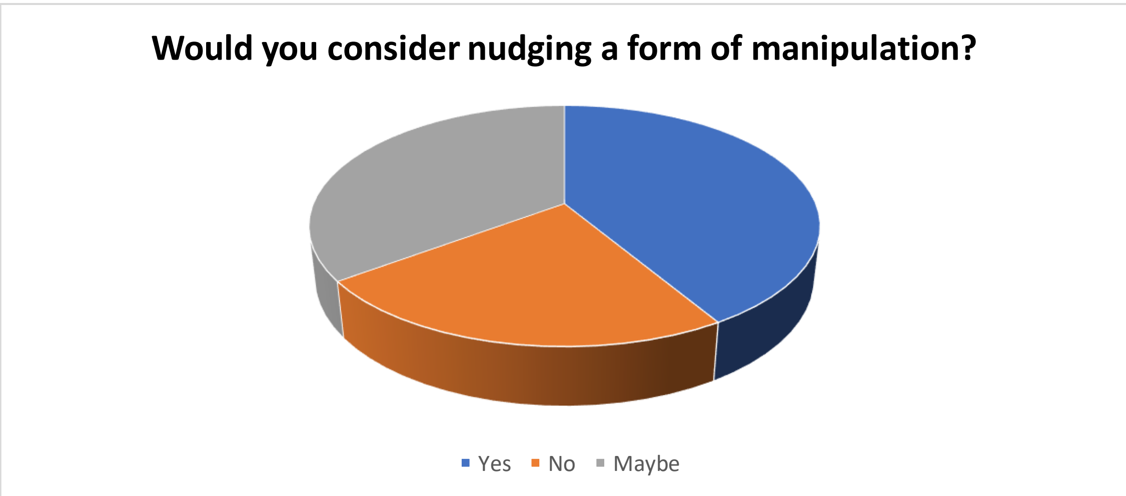
The last example asks participants to imagine a situation in which they are shopping at the supermarket and they encounter the fresh fruit and vegetable's shelf in the middle of the aisle, and whether they think the likelihood of them purchasing one of these products would be higher. In this case, just as the question regarding the escalator, the "maybe group" might be considered part of the "yes group", given that in a real-life situation, participants would have based their decision on the automatic system. In any case, the majority of the sample claimed they would have purchased some product from the fruit and vegetable's shelf.

	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	9	13	20	12	10	23	87
No	2	0	3	4	2	4	15
Maybe	2	3	4	4	2	11	26
TOTAL	13	16	27	20	14	38	**128**



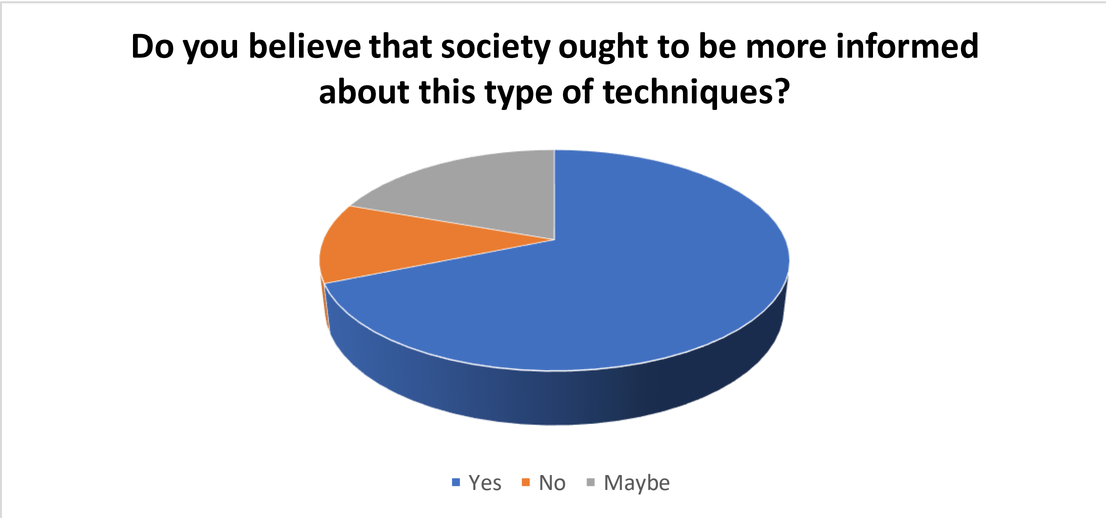
The last two questions of the section focus on the most controversial topics of nudging: whether they are a form of manipulation and whether the population ought to be informed about their existence. Almost 42% of the sample claimed to consider nudging a form of manipulation, whereas 23% do not consider it and the remaining 35% might or might not consider it a form of manipulation.

	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	7	7	10	8	6	15	53
No	3	3	7	4	4	9	30
Maybe	3	6	10	8	4	14	45
TOTAL	13	16	27	20	14	38	**128**



Finally, as mentioned before, the last question asks participants whether they believe people should learn about the existence of nudging. In this case, the sample's opinion was clear because 69% of them said that people should be aware of this type of techniques.

	Control	Endowment	Loss aversion	Social proof	Endowment+social proof	Personalisation	TOTAL
Yes	12	8	17	13	13	25	88
No	0	2	2	3	1	7	15
Maybe	1	6	8	4	0	6	25
TOTAL	13	16	27	20	14	38	**128**



V. ANALYSIS

In this section one can find the analysis of the previously obtained results from the questionnaire. The analysis will be made by applying the concepts learned throughout the literature review in the results. Furthermore, this section is also aimed at answering the general objective, as well as the specific objectives of the overall report.

The most relevant result is that the group with the highest participation, with 38 respondents, is the personalisation group; followed by the loss aversion group with a 21% participation. Thus, the ranking from the most popular to the least would remain as follows:

1. **Personalisation group:** 38 participants, 30% of the sample.
2. **Loss aversion group:** 27 participants, 21% of the sample.
3. **Social proof group:** 20 participants, 16% of the sample.
4. **Endowment group:** 16 participants, 12% of the sample.
5. **Endowment + social proof group:** 14 participants, 11% of the sample.
6. **Control group:** 13 participants, 10% of the sample.

For the purposes of this study, one can assume that there is a small percentage of experimental error in the predisposed random distribution of the questionnaires. Nevertheless, even taking this experimental error into consideration, the results are clear: framing is a key marketing factor to take into consideration. The results show that participants react more effectively to a language emphasising personalisation, as more people have decided to participate in the questionnaire when they have been directly told to "have been chosen to participate in sharing their opinion and/or experience regarding the matter".

Despite the fact that the personalisation group received the highest participation, it is also important to take into consideration that the loss aversion group also received a great deal of answers. This means that the loss aversion anomaly identified by Richard Thaler also has an effect as participants decided to do the questionnaire based on the disutility of "giving the it up". Thus, we can also conclude that appealing to the potential loss of an individual created a positive reaction towards participation in different situations.

Moving on, the age range with the highest participation has been between 18 and 24 years old, mainly due to the fact that the experiment was aimed at students from the University of Barcelona. Thus, the questionnaires were presented among three different classrooms characterised by including students between those ages. Furthermore, the results regarding the past participation in NGOs have been very polarised as 50% of the participants have never contributed in any way and 50% of them have. Moreover, it is important to highlight the fact that among the people who have indeed contributed to NGOs, the most popular channel has been monetary contributions. This entails that monetary contributions could be further advertised and promoted with nudges as they are the easiest way to engage people into participating in charitable projects.

Following up, 27% of participants in the sample claimed to have heard about NGOs through friends and family, and 42% via internet or social media. Moreover, the fact that only 18% of the individuals got to know them through advertisements raises the question whether advertisement is really necessary in the charitable field. Also, this means that the 07gift could focus their marketing strategy more on organising meetings and events, as well as on their social media, instead of using their resources on advertisements.

When participants were asked about the 07gift, 45% of them claimed to be interested in the education project and 33% of them in the child health project. Taking into consideration that 36% of the participants have previously contributed to children and education projects, one can conclude it is most attractive one. Thus, in the case of the 07gift, the NGO could be promoted by firstly publicising the projects within this field and, at a later stage, the resources would switch in order to potentiate the other projects. Nevertheless, not only does the 07gift need to promote the most popular projects, they also need to enhance the preferred channel of contribution. In this case, the majority of participants (39% of the sample) said that they would rather contribute to the 07gift by collaborating in one of their projects, which creates some inconsistencies in the results. As previously mentioned, most of the individuals in the sample who have contributed to NGOs have done so by donating money. Notwithstanding, donating 0.7% of one's expenses was the least chosen answer (4% of the sample), even though 84% of the participants considered fair that governments donate 0.7% of their expenses to developing countries. All in all, people prefer to contribute to an NGO by donating money because it is the fastest and easiest way, but only 4% of them would donate 0.7% of their expenses to the 07gift because of the framing. In this case, people quickly read 0.7% and immediately picture their income. In Catalonia, the average salary in 2018 was 24,454 euros (La Vanguardia, 2018) and, according to the *"Instituto Nacional de Estadística"*, the average expenditure per person in 2017 was 11,726 euros (Insituto Nacional de Estadística, 2017). So, this channel of donation needs to be better framed in order for people to realise that they would really donate 6 euros per month to a charitable cause, which is less than what their System 1 is automatically telling them at that moment.

The last improvable aspect about the 07gift's strategy is to constantly highlight their cause and to appeal to transparency, the two most important factors participants claimed to have when choosing an NGO.

Finally, from the nudging section, three important facts need to be emphasized. First of all, 90% of the participants had not heard about nudging before and 96% of them believe that population ought to know about these techniques. Also, in the three examples, the majority of participants claimed that they would have possibly been nudged into behaving that certain way and, last but not least, 87% of the individuals considered nudging as potentially manipulating. In summary, people need to be informed about nudges and they need to understand its departure from manipulation.

VI. CONCLUSION

Traditional economic models have always assumed that humans are rational and, thus, that their decisions are always based on the optimal outcome. However, through the identification of several anomalies, behavioural economics has proven that individuals tilt towards a more irrational conduct. So, how can one encourage people to choose an optimal solution without violating their freedom of choice? Nudges are the answer. Nudging techniques influence an individual's behaviour (with or without their knowledge) towards a result that is both better off for them and for society, but always leaving room for free will. They represent a set of techniques that are both reasonably new and unknown, as well as highly controversial because of their foundation on libertarian paternalism.

The purpose of this research project was to analyse the viability of applying nudges to increase participation in NGOs, by also applying them to a charitable project called the 07gift. Moreover, a series of specific objectives were also set to ensure that all the potential inquiries were met. Before verifying the hypothesis of the research, I developed a theoretical study in which I presented both a background for the methodology and an analysis and argument of the types of nudges that could fit into a charitable context. Following up, I performed a nudging experiment based on six different framing techniques and groups: control, endowment, loss aversion, social proof, social proof + endowment and personalisation. This six groups were faced with their corresponding questionnaire and the 128 results were later on collected and analysed.

The main result of the experiment was the fact the participation among the different groups varied depending on the framing of the introductory text. The personalisation group received the highest answers, which entails that people respond better when the importance of their participation is mentioned and highlighted. So, the performance of the experiment, as well as the several other nudging applications mentioned on the theoretical background, answer the first specific objective of the research by proving that nudges are applicable to real life situations and that they are not just a mere economic theory.

Another result from the experiment stated that 90% of the participants did not know about the existence of nudges and that 87% of them believed they could be considered a form of manipulation. This leads to the second specific objective regarding a clarification to identify the potential risks of nudging without manipulating an individual's behaviour. The clarification lies on the fact that nudges should be both choice-enhancing (or at least not choice-restricting), and transparent. So, the distinction between a nudge and a manipulative technique resides on the compliance of these two factors: if they are both met, nudges will always encourage a behaviour and not manipulate and individual.

The third specific objective mentioned the main advantage of nudging in comparison to other policies. Nudging has many benefits, but for a government or a political institution, the main advantage is its cost-effectiveness. Other policies, such as banning and mandates require supervision, but since nudging always gives freedom of choice, there is no need to oversee whether it is fulfilled and to punish if it is not. In a charitable context, cost-effectiveness might also be considered the main advantage, but for different reasons. One of the results of the nudging experiment is that 69% of the participants claimed to have heard about NGOs through their family and friends or via social media and the internet. These channels entail the cheapest way of promoting the 07gift, and NGOs in general, because the advertisement investment would only require a social media account and meetings or fundraising events to raise awareness of their cause.

The last specific objective refers to a scrutiny of the potential nudging techniques that could be applied to increase participation in NGOs; which has been analysed in the "once and future nudges for NGOs" section. All in all, the first and second-category nudges can indeed be applied to a charitable context, whereas the third-category nudges cannot.

Finally, we can conclude that the general objective of the research, as well as the hypothesis that nudging techniques can be applied to increase awareness and participation in NGOs has been met. The performed experiment not only proves that a personalisation framing can help and NGO, but also the other presented nudges that have already been used demonstrate how these techniques can raise awareness and facilitate the donation process within a charitable project.

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