

BI in development: isomorphic mimicry?

The traditional tools of development rely on 'thinking slow'

- Legislate
- Regulate
- Tax
- Prices
- \$ incentives
- Inform
- Teach

Do we always 'think slow'?

Add 3 to each of these numbers

0731

5814

4416

Do we always 'think slow'?

Divide each number by 2

6191

8745

4203

Thinking slow takes biological energy



+ 7 beats / minute



Pupils ↓ 50%



↑↑ blood pressure

World Bank (2017), originally appearing in Beatty and Kahneman, 1966.



BI is based on 'thinking fast'

Traditional tools

- Legislate
- Regulate
- Taxation
- Prices
- \$ incentives
- Information

Thinking fast
≠
Thinking slow

BI tools:

- Default settings
- Desires (social, status, non-monetary)
- Downfalls (timeliness, heuristics, commitment)

e.g. Drexler, Fischer and Schoar (2014, n=1193, p=0.054) : teaching microentrepreneurs heuristics instead of standard financial literacy is more effective in raising revenue.

BI is growing

- OECD: 130 govt nudge units worldwide (map forthcoming)
- In 2015, World Bank reported 430 field tests of BI tools in low-y countries
- Nudge units in World Bank, UN, OECD + ideas42, BIT, J-PAL
- WHO RCTs in health promotion (prior to 2000s)

- Underlying assumptions differ:
 - Poverty = cognitive load (non-rational decision making)
 - Human = fallible (non-rational decision making)

BI for development: isomorphic mimicry?

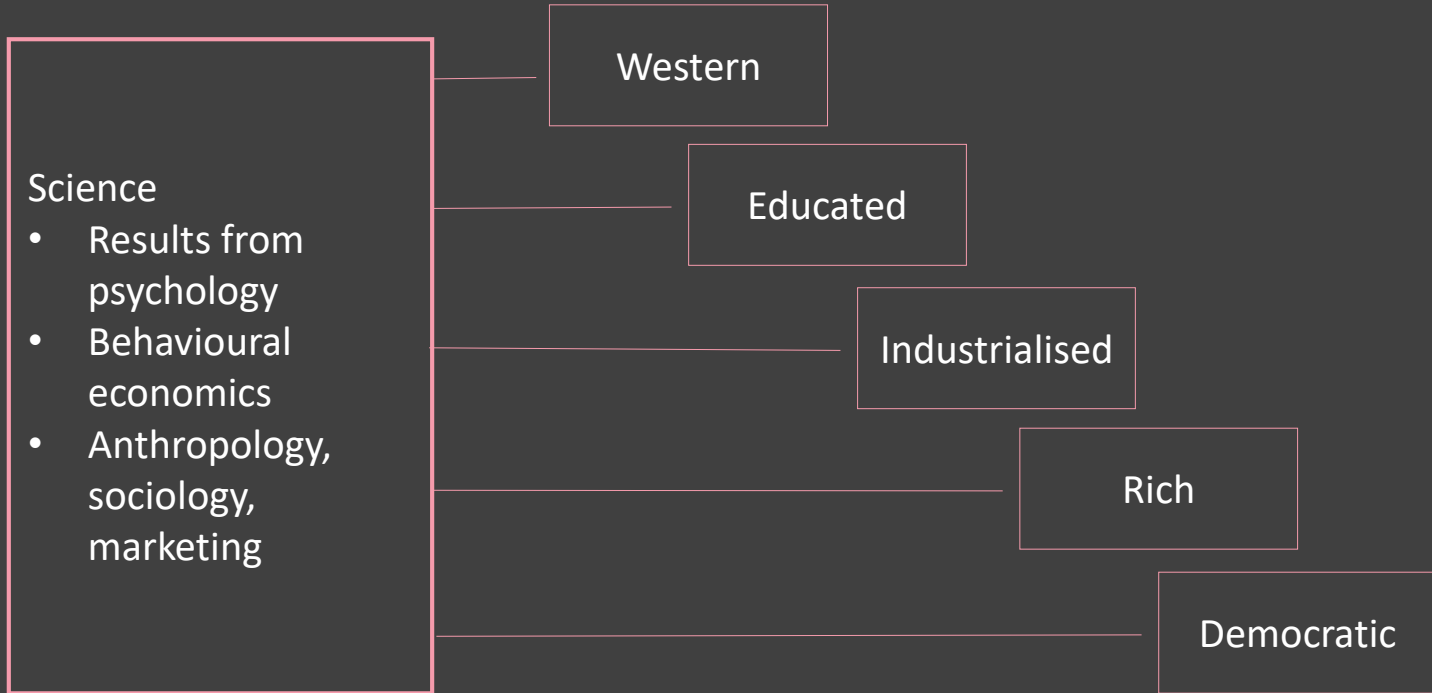


BI = science + methods



“Building institutions and processes in weak states that *look* like those found in functional states”

Insights from sciences can be biased



And, we are also subject to bias

Status quo bias

Preference for things to stay the same

Confirmation bias

Search for, interpret & recall info that aligns with own beliefs

Semmelweis reflex

Reject new evidence that contradicts a paradigm

Mere exposure effect

Liking completely attributable to familiarity with object

Moral licensing

Virtuous behaviour leads to indulging in less-virtuous behaviour.

Planning bias

Tendency to underestimate completion times (can be related to optimism bias)

Groupthink

Desire for group harmony leads to irrational/dysfunctional outcomes

Survivorship bias

Focus on people/things that survive a process, overlooking attrition

BI methods help avoid isomorphic mimicry



BI = science + methods

“Building institutions and processes in weak states that *look* like those found in functional states”



Social science methods help to avoid isomorphic mimicry

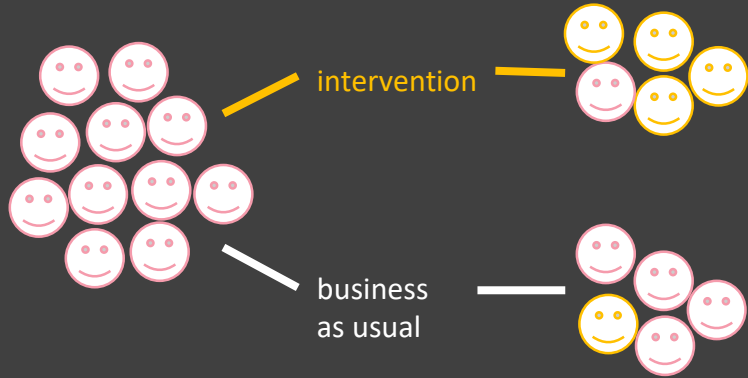


Social science methods to understand the context:

- Deep dive into local ecosystem of behaviour
- Qual, quant, observational methods
- Removes researcher subjectivity + positionality



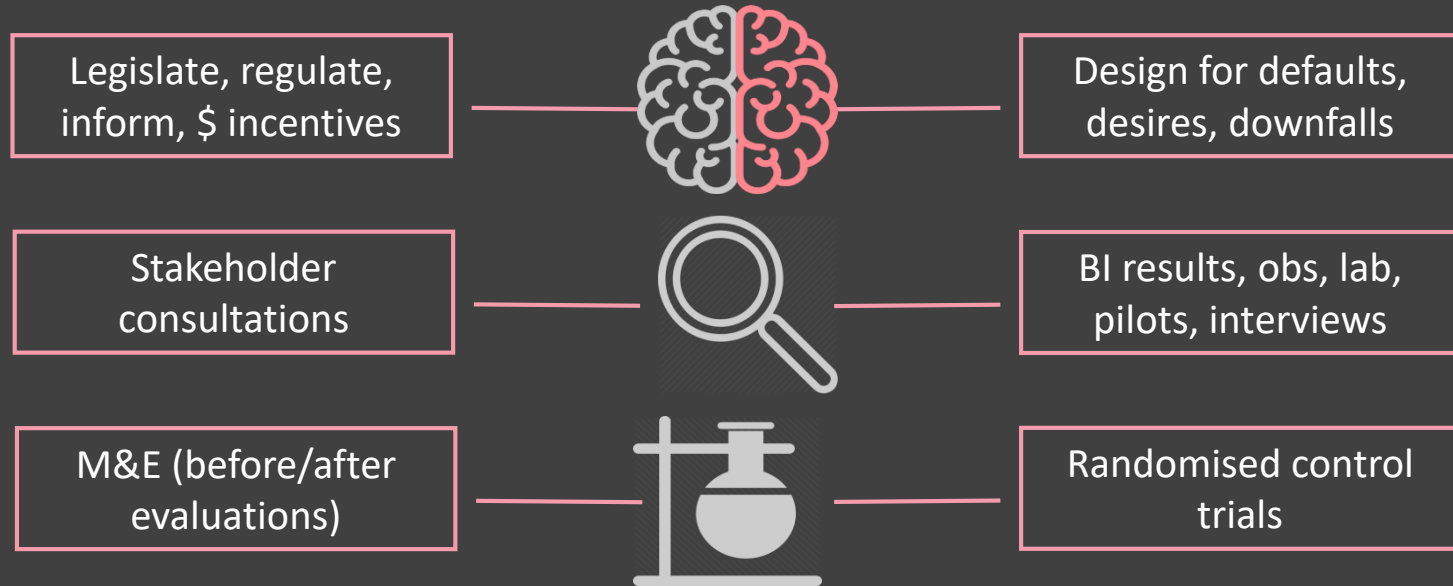
Evaluation methods help to avoid isomorphic mimicry



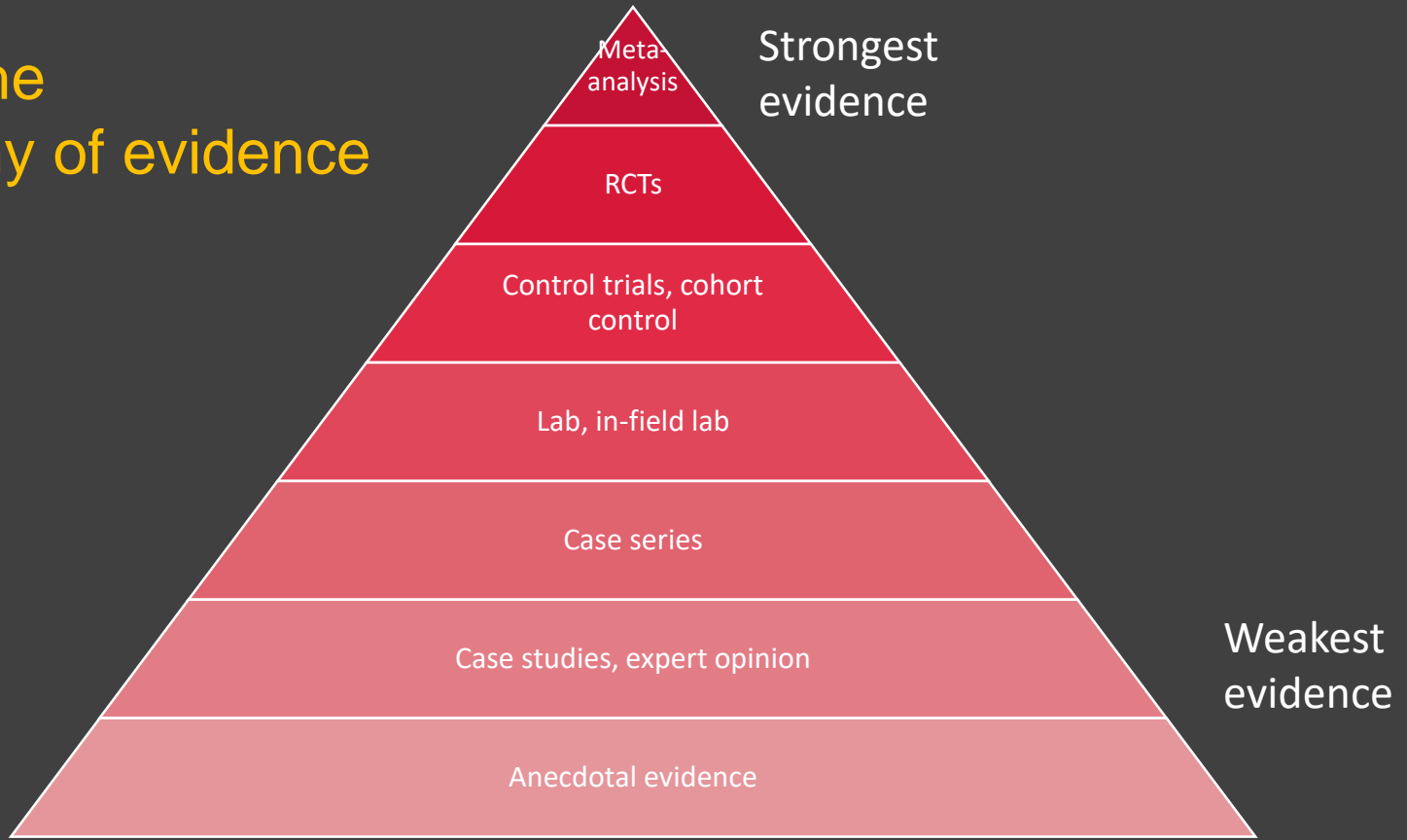
Randomised control trials:

- Localised testing
- Avoids selection bias
- RCT = ceteris paribus; inc. endogenous and exogenous factors such as unexplained variables, time
- Enables causality

BI expands the development toolkit and builds evidence for 'what works'



Extra: the hierarchy of evidence



Extra: BI issues

- “Nanny is alive and well in Westminster”, liberal paternalism
- “Hitler nudged, so did Stalin”, nefarious nudging and sludging
- Rich people experimenting on the poor
- Data issues
- Replication crisis in the sciences, replication decay and scaling impacts