

Book Review

NUDGE - Improving Decisions About Health, Wealth And Happiness- Richard H. Thaler and Cass R. Sunstein

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NUDGE - The book was written by Richard H. Thaler and Cass R. Sunstein. The book got published way back in 2008 and 2009 initially by Penguin books. The book has received more positive reviews in the recent years after the award of the Nobel Prize for economics to Richard Thaler for his contribution to Behavioural Economics. The book is of great importance to management students and needs a revisiting if not visiting for the first time. The book had rave reviews from the world of academicians and public alike even before Thaler was given the Nobel Prize.

A Nudge, as we will use the term says, Thaler, is any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives. He does on more saying that to count as a mere nudge the intervention should be straightforward and low cost to avoid. Therefore he concludes that Nudges are not mandates. Thus Thaler introduces to us in simple lay terms his principles for behavioural economics. In real life he believes that individuals do not necessarily take decisions like an economic man. Many of the choices can be influenced by various other aspects of behavior. So he believes helping the individuals with a common sense choice is really the duty of all individuals as well organizations and governments for the greater good of all.

This takes us to the introduction of his theme of choice architecture. What is the choice architecture of the Nudge. It is named by Thaler and Castein as Libertarian Paternalism. Individuals usually reject paternalism and they would like to have freedom over thier choices.

Though they would like to have freedom, Thaler believes that certain decisions can provide greater good to the individuals and therefore without removing the freedom of choices, one should influence behavior in a way that the best choice is taken by the individual. This is the crux of the choice architecture, which is "Libertarian Paternalism"

The entire book thus goes on to explain the various instances in real life which have cemented the way that Nudge can be important. The book is divided into four parts and these areas the authors discuss the implications or instances, where the presence or absence of Nudge has their affects on behaviour. Part one of the book talks about Humans and Econs. Part two of the book talks about Money, Part three of the book talks about society, Part four is titled extensions and objections. Thus in these four parts as the title suggest, the authors have discussed areas in individuals human life where choices were made. From simple decisions that children take to eat food in the cafeteria to how choices are made in marriages. Thaler believes that in all these areas Nudges really help individuals to be better. Thus the main insight and the take away from the book is that small insignificant details can have a great impact on the choices made. For instance the type of food we eat is dependent on what's in the platter. The type of choice s we make about money, insurance, investing and all the rest depend heavily on many behavioural factors and can be significantly changed or altered by small details. Using these small details and nudges to help make choices is the responsibility of policy makers and governments feel the authors.

Marketing in the 21st Century

Thaler is Professor of economics at the University of Chicago and Sunstein is the Professor of law at Harvard. Both the authors have made a case for choice architecture to use well for Policy making, Organizations and governments to significantly influence society and people for the better. Health, smoking, marriages, Insurance, and many other areas of choice can be influenced for the better feel the authors. They along the book cement the entire narrative with interesting research that provides insights into how people make choices.

The authors significantly want to impact society for the better with the help of their book. They also want to impact society in positive way also addressing at the same time, societal and environmental issues. The ultimate goal therefore is to help individuals lead more healthy, wealthy and prosperous lives as the title suggests.