Written submission from Behavioural Insights Team (GPG0064)

This is a submission from the Behavioural Insights Team to the Women and Equalities Committee. This submission outlines the current evidence on how people make decisions, and attempts to show how this might apply to parental leave, flexible work arrangements and shared childcare arrangements.

**Complexity of decision making**

It is sometimes assumed that relatively small 'nudges' are only effective in situations where the stakes are small (such as figuring out what to have for lunch or deciding whether to go to the gym). But a growing body of evidence shows that well targeted behavioural interventions can be just as important for decisions that have life-changing consequences (like saving for retirement or going to university). The main lesson from this research is that the way a decision is presented; the way a question is asked; the way a form is framed; all these things can have bigger impacts upon whether or not someone takes up a service or undertakes an action. It is likely that many of these lessons might apply to shared parental leave, uptake of childcare and flexible working.

**Defaults and anchoring**

We have a tendency to go with the flow of ‘default’ settings, such as whether you’re required to opt-in or opt-out of a particular decision. Whether it’s for saving for a pension,\(^1\) using green energy,\(^2\) becoming an organ donor,\(^3\) defaults help us save money, save the environment, and save lives. We are also influenced by anchors: arbitrarily chosen reference points. For example, randomly chosen reference numbers can even affect professionals and expert decision-making, with studies showing anchoring effects influence estate agents’ valuation of properties\(^4\) and the act of rolling a high number on a dice affects judges’ sentencing decisions.\(^5\)

There are many different ‘default’ settings when it comes to parental leave, childcare and flexible working. For example, there is the default period of leave that women are legally required to take after having a child. Women and men are less likely to opt out of this default period of leave, and it will also anchor their decision as to the total period of leave they will take.

**Labelling**

Context and labelling matter. For example, households receiving an unfettered cash payment labelled as a ‘Winter Fuel Payment’ are almost 14 times more likely to spend the money on energy costs than if they received the same amount of money as an increase in income.\(^6\)
Labelling leave as ‘parental leave’, rather than maternity leave or paternity leave creates the implication that it is a shared pool of leave that can, and should, be accessed by both parents.

**Intrapersonal empathy gap**

When people are in an emotional ‘cold’ state, they fail to fully appreciate how ‘hot’ states will affect their own preferences and behaviour; when they’re in those ‘hot’ states, they underestimate the influence of those states. This can be used to explain certain decisions relating to alcohol consumption, unhealthy eating, risky medical decisions, and sexual decision-making. The same mechanism that causes you to think that a week from now you would like a healthy lunch but when the day comes and you could choose a burger you choose that, could be at play for couples who decide to split parental leave in advance but when the time comes, it is only maternity leave that is taken. Couples may decide in a ‘cold’ state to split parental leave equally, but when the time comes to make the decision (a ‘hot’ state), external pressures that wouldn’t be expected to have an effect, may in fact do so.

**Present bias and commitment devices**

Parents tend to have preferences that are biased towards the present. This means they place too much weight on the immediate financial costs and psychic benefits of childcare and discount future costs and benefits. This would be problematic if the costs of parental leave are borne in the here and now, but the potential benefits of shared parental leave time are felt in the more distant future.

Recent reforms of parental leave in many countries have used commitment devices to overcome this present bias. This is particularly important because when parents are focused in child care, other abilities and skills—attention, self-control and long-term planning—can suffer. This can induce a short term or ‘tunnelling’ mind-set that makes it challenging to consider long-term best interests.

**Prompts and trigger points**

The behavioural literature provides support for the use of ‘trigger points’ as an effective way to prompt people to consider changing their behaviour or make decisions. People have limited ‘bandwidth’ which makes it difficult to pay full attention to all the different decisions they could, or

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* Commitment devices for the mother to return could include pre-announcing a return-to-work date with a nominal fine associated with missing the date or for the father it could be pre-committing to forgoing a certain amount of salary (e.g. for part-time working) such that an increase in working time would not be accompanied by a return to the normal salary.
should, be making at a given time,\textsuperscript{14} and therefore react positively to prompts and reminders. Reminders in the form of timely prompts have been shown to be effective at encouraging people to perform a wide range of actions that are beneficial for them: from increasing savings\textsuperscript{15} to increasing attendance at doctor appointments.\textsuperscript{16} The medium of the prompt is also important; for example, a text message reminder was more effective than a letter at encouraging people to pay their court fines.\textsuperscript{17} People are also more likely to make big changes (such as moving to flexible working arrangements) at key moments in their life, for example moving house, starting a new job, or having a child.\textsuperscript{18,19}

Placing prompts across multiple touch points is likely to be more effective than one single touch point. For example, prompting expectant parents through existing human resources communications and midwives or prenatal classes. Prompts are also more likely to be effective if the parents are likely to be thinking about future work and childcare arrangements at the time of the prompt. By trialling different approaches it is possible to discover which types of prompts and which frequency of prompts are the most effective at driving action.


\textsuperscript{6} \url{http://www.ifs.org.uk/pr/winter_fuel_0611.pdf}


\textsuperscript{15} BIT, 2014, \textit{EAST: Four Simple Ways to Apply Behavioural Insights} Available at: \url{www.behaviouralinsights.co.uk/publications/east-four-simple-ways-to-apply-behavioural-insights/}

\textsuperscript{16} Clark, B., Chatterjee, K., Melia, S., Knies, G., & Laurie, H. (2014). Life Events and Travel Behavior: Exploring the Interrelationship Using UK Household Longitudinal Study Data. \textit{Transportation Research}