



REVIEW OF RESEARCH

ISSN: 2249-894X

IMPACT FACTOR : 5.2331(UIF)

VOLUME - 7 | ISSUE - 6 | MARCH - 2018



NUDGE THEORY AND ITS APPLICATION IN DIFFERENT SECTORS AND BUSINESS

Dr. Binod Sinha

Professor of Marketing, Balaji Institute of Modern Management, Pune, India.

ABSTRACT

Nudge theory (or nudge) is related with financial aspects, behavioral science and political hypothesis which propose encouraging feedback and backhanded proposals to attempt to accomplish non-constrained consistence to impact the intentions, motivations and basic leadership of gatherings and people. The theory is used in various sectors today to achieve the desired goal. Hon'ble PM of India Mr. Narendra Modi is using the theory in convincing the mass on strategic decision like demonetization, Goods and Services Tax and digitalisation. He has created nudge on Man Ki Baat. Tata Trust Chairman Mr. Rata Tata also using nudge theory for development of his Tata Group and building confidence of people in his group. Recently Dr. Richard Thaler has been awarded Nobel Prize in Economics for his valuable contribution for giving this theory to world. The paper outlines the application of Nudge Theory in different sectors of business.



KEY WORDS: *Nudge, Behavioral science, political theory and Economics.*

INTRODUCTION

The idea is a relatively subtle policy move that motivate people to make decisions that are in their broad self-interest. It's not about punishing people financially if they don't act in expected way. It's about making it comfortable for them to make a certain decision. "By knowing how people think, we can make it easier for them to choose what is best for them, their families and society," wrote Richard Thaler and Cass Sunstein in their book Nudge, which was published in 2008.

LITERATURE REVIEW:

1. Nudging is visible when Governments manipulate the choice architectures of people to steer them towards desired outcomes, including eating better, voting more often, being less aggressive and violent, being more compassionate, living healthier, and leading more fulfilling lives. In his most recent book, Cass Sunstein examines both the benefits and disadvantages of the use of behavioral economics by governments to nudge sometimes reluctant mass to pursue goals and establish lifestyles.

(from Influence, Nudging, and Beyond Cass R. Sunstein, Why Nudge? The Politics of Libertarian Paternalism. New Haven: Yale University Press, 2014, 195pp, \$25.00. ISBN: 978-0300197860.)

2 "Protection is about vulnerability and far off future, and in this way it's hard to comprehend individuals conduct with standard monetary hypothesis that expect people's reasonability. "Namika Sagaralpos Behavioral Science Center

Maat kiBaat ,the popular radio programme which connect our Hon’ble Prime Minister Shri Narendra Modi with common man of our country is best example of application of Nudge Theory in convincing people about Govt. Policies. Here the analysis of recently concluded 1st episode of 2018 is given below:

Table 01 : Analysis of Maan Ki Baat

Focus	Intention	Reinforcement	Response
Kalpana Chawla Memory of First Indian Lady Astronaut	Women Empowerment	To make common man aware about vision of GOI Policy for women empowerment.	Positive
Letter of Shriman Prakash Tripathi	Importance of common man message to PM	Every country man is important for PM	PM is seriously taking the communication/suggestion received from any country man.
Padma Awards	GOI recognize contribution of many level of people.	We do take the data from ground level.	No controversy for highest civilian award.
Indian ParivasiDiwas	Connecting NRI/PIO	Positioning of our country in the mind of NRI/PIO	Attracted huge number from Indian Origin Mayor and members of respective Parliaments.
30 th January	<i>Connecting and respecting to the sacrifice made by Indian Freedom Fighters</i>	<i>Always remember the freedom fighter who sacrificed their life for the freedom of our country.</i>	<i>We salute sacrifice of our freedom fighter and remembered contribution of them.</i>

Organizations that are using nudge theory for developing mind and market share of their products.

Shoppers stop, Mumbai

Online shopping is taking over the market faster than one can comprehend.

- Shoppersstop.com: Shop anytime, anywhere!
- Shop online on shoppersstop.com & save your money.

Shoppers Stop says you purchase products from our shopper stops of Rs 2000 you will feel proud about that we are contributing Rs.100 for every Rs. 2000, for betterment of rural students who are suffering from education.

In this ways the retail giant is using Nudge very well and is able to target consumer easily. Consumer thinks that this shopping value contributes our well giving towards the development of society.

MODERN BAKERY, SANGLI

We can expand bakery industry by using nudge theory. We can tell customer that the bakery industry is helpful to farmers. The milk for production is collected from farmers, so it is helpful to make their life better. This is how customer will purchase more and more bakery products

This is how we can use nudge theory to bakery industry.

NUDGE FOR CASHLESS ECONOMY:

Bonus points, cashback, top up and additional discounts are nudges in the making the people go for cash less economy. Getting points on every purchase and posters showing benefits of going cashless are nudging people to adopt it.

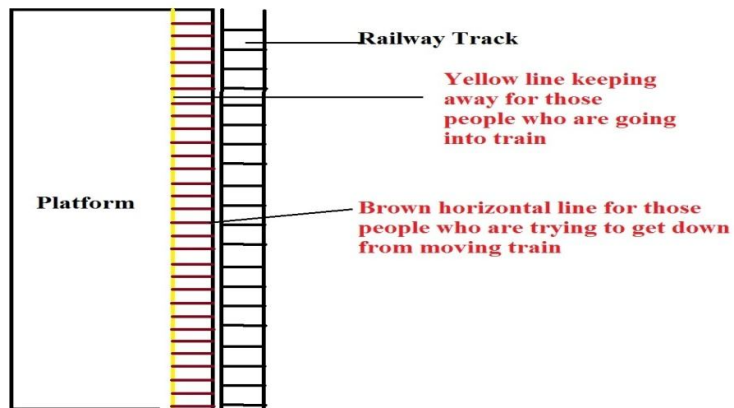
Black money ouster and corruption gone are the punch line for nudging people to go for cash less.

Increasing attendance in Library of Engineering and Management College:

1. Provide refreshment facility on the desk.
2. Provide space for group discussion.
3. Organize various events in library.
4. Provide digital study material.
5. Provide audio books.

INDIAN RAILWAY

1. For cleanliness in railway toilet add some poster showing "scenery of clean garden or some clean place" so that by seeing that, people are not going to make the place dirty.
2. In everyday life we hear that people are making his life in danger while getting down from moving train. Making yellow line and white horizontal line on platform such that the line spacing close so people see that there is illusion like train is moving fast and they don't try to get down from the moving train so that accident can be minimized & safety increased



Nudge in Clean India mission:

The advertisement slogan of Darwaja Band to bimari band is true nudging people to use toilets.

Nudge in Advertisement of AMUL

Amuldudh pita hi India

Nirma, Tata Steel, ICICI Bank, ICICIPru, LIC advertisement are focused towards nudging people to take right decision.

Why Nudge theory is important?

1. Because it is applicable to varied fields such as public policy, influencing citizen behaviour, healthcare, personal finance and investment planning.
2. The most important application is in the attracting tax from people by giving them 80C benefits.
3. Systematic Investment Plan is kind of nudge for making people think for mutual fund investment.
4. Rehabilitation Centre and skilled based training is nudge for voluntary preparing chain smokers and drunker to leave taking it.
5. Showing the disease caused by inhaling tobacco is also kind of nudge for preparing the people to leave the habit of taking tobacco in any form.

CONCLUSION

The Nudge Theory can be utilized to drive good conduct and maintain a strategic distance from troublesome ones, without falling back on extraordinary mediations. It helps people to take right decision. Nudge can support rules and regulations without breaking law.

REFERENCES:

1. **Cass R. Sunstein, Why Nudge? The Politics of Libertarian Paternalism. New Haven: Yale University Press, 2014, 195pp, \$25.00. ISBN: 978-0300197860.**
2. Richard Thaler and Cass R **Sunstein**, Nudge: Improving decision about Health, wealth and happiness, Penguin, 2012
3. Peter John, Nudge Think, Bloomsbury, 2010
4. Edward Cartwright, Behavioural Economics,, TFG, 2011
5. Cordon R Foxwall, Consumer Behavioural Analysis: The Behavioural Economics of Consumptions, TFG, 2002



Dr. Binod Sinha

Professor of Marketing, Balaji Institute of Modern Management, Pune, India.