***Utilising Applied Behavioural Research to Execute Subsidy Reform in Kuwait***

Hessah AlOjayan, Kuwait University, +447437472191, ojayaneya1@hotmail.com

## Overview

The Kuwait Government is highly dependent on oil revenues; its fiscal position is exposed to fluctuations in crude oil prices. Reducing expenditures will make Kuwait’s government more fiscally robust in the context of volatile oil markets. Reforming subsides is one way through which the government offecials can reduce expenditures; however, it has been challenging for the them to pass several subsidy reform proposals due to public resistance. In this paper we review relevent behavioural science to design nudges that could have the potential to influence electercity consumption and reform energy subsidy in Kuwait.

## Methods

## Itreture review, comparative study and focus group interviews.

## Results

The first nudge we propose is making the government subsidy more salient to citizens by adding the government contribution figure. The second is activating social norm, e.g. motivating individuals to save energy to enhance the quality of living in their local community. Third, framing, adding a message that makes subscribers care for future generations. Last, recognition of saving efforts through reward system.

## Conclusion

Going forward we intend to test the effectiveness of the four nudges through randomised control trails ‘RCTs’. The results will provide policy makers with evidence to which nudge is more effective in reducing electricity consumption. After all, before making costly commitments to new policies it is rational to find out whether the new policies are likely to deliver benefits.

## References

* Abrahamse, Steg, Vlek, and Rothengatter. (2007). ‘The Effect of Tailored Information, Goal setting, and Tailored Feedback on Household Energy Use, Energy-Related Behaviours, and Behavioural Antecedents’. *Journal of Environmental Psychology,* *27*(4), 265-276.
* Allcott, H. (2011). ‘Social Norms and Energy Conservation’, *Journal of Public Economics,* *95*(9), 1082-1095.
* Amos Tversky, Daniel Kahneman. ‘Loss Aversion in Riskless Choice: A Reference-Dependent Model’, The Quarterly Journal of Economics, Volume 106, Issue 4, 1 November 1991, Pages 1039–1061, <https://doi-org.gate3.library.lse.ac.uk/10.2307/2937956>
* Bager, & Mundaca. (2017). ‘Making ‘Smart Meters’ Smarter? Insights from a Behavioural Economics Pilot Field Experiment in Copenhagen, Denmark’, *Energy Research & Social Science,28*, 68-76.
* B. Fattouh and L. Mahadeva, ‘Price Reform in Kuwait’s Electricity and Water Sector: Assessing the Net Benefits in the Process of Congestion’, The Oxford Institute for Energy Studies, OIES Paper: MEP 9, April 2014.
* Attalla, T. and L. Hunt (2016). ‘Modelling Residential Electricity Demand in the GCC Countries’, *Energy Economics*, 59 (2016) 149-158
* Becker, L. J. (1978). ‘Joint Effect of Feedback and Goal-Setting on Performance: A Field Study of Residential Energy Conservation’, *Journal of Applied Psychology*, 63, 428–433
* Bordalo, P., Gennaioli, N., & Shleifer, A. (2013). ‘Salience and Consumer Choice’, *Journal of Political Economy,* *121*(5), 803-843.
* Costanzo M. et al., ‘Energy Conservation Behaviour: The Difficult Path from Information to Action’, *American Psychology*, vol. 41, no.5, 1986, pp.521- 528.
* Datta, S., et al., ‘A Bhavioural Approach to Water Conservation: Evidence from Costa Rica’, *WorldBank Policy Research* Working Paper (7283).
* Ferraro, P., & Price, M. (2013), ‘Using Nonpecuniary Strategies to Influence Behavior: Evidence from a Large-Scale Field Experiment’. *The Review of Economics and Statistics,* *95*(1), 64-73.
* Gauggel, S., Hoop, M., & Werner, K. (2002). ‘Assigned VS Self-Set Goals and Their Impact of the Performance of Brain-Damaged Patients’, *Journal of Clinical and Experimental Neuropsychology,* *24*(8), 1070-1080.
* Gunnthorsdottir A. and A. Rapoport, ‘Embedding Social Dilemmas in Intergroup Competition Reduces Free-Riding’, *Organizational Behaviour Human Decision Processes*, vol. 101, no.2, 2006, p.184-199.
* Karlan, D. and J. Zinman, ‘Borrow Less Tomorrow: Behavioral Approaches to Debt Reduction’, Center for Retirement Research at Boston College Working Paper, available at: <http://crr.bc.edu/wp-content/uploads/2012/05/FSP-WP-2012-1.pdf>, 2012.
* Karlan L, McConnell M, Mullainathan S, Zinman J (2016), ‘Getting to the Top of Mind: How Reminders Increase Saving’, *Management Science*. 62(12):3393–3411.
* Knetsch, J. (1992). Preferences and Nonreversibility of Indifference Curves. *Journal of Economic Behavior and Organization,* *17*(1), 131-139.
* Locke, E., Shaw, K., Saari, L., Latham, G., & Miller, George A. (1981). ‘Goal Setting and Task Performance’, *Psychological Bulletin,* *90*(1), 125-152.
* Maehr, M., & Little, Kenneth B. (1974). ‘Culture and Achievement Motivation’. *American Psychologist,* *29*(12), 887-896.
* Organisation For Economic Co-Operation Development. (2017). *Behavioural Insights and Public Policy: Lessons from Around the World*. OECD Publishing.
* Madrian, B., & Shea, D. (2001), ‘The Power of Suggestion: Inertia in 401(k) Participation and Savings Behaviour’, *The Quarterly Journal of Economics,* *116*(4), 1149-1187.
* OECD (2016), ‘Behavioural Insights for Environmentally Relevant Policies: Review of Experiences from OECD Countries and Beyond’, OECD; AECOM (2011), ‘Energy Demand Research Project: Final Analysis’, St Albans, https://www.ofgem.gov.uk/ofgem-publications/59105/energy-demand-research-project-final-analysis.pdf (accessed 12 January 2017).
* Samuel, C., & J. McCann, ‘Assessing Communication Effects on Energy Conservation’ *Journal of Consumer Research (pre-1986),* *5*(2), 82.
* Samuelson, W., & Zeckhauser, R. (1988). ‘Status Quo Bias in Decision Making’, *Journal of Risk and Uncertainty,* *1*(1), 7-59.
* Seligman, C., Darley, J., & Campbell, John A. (1977). ‘Feedback as a Means of Decreasing Residential Energy Consumption’, *Journal of Applied Psychology,* *62*(4), 363-368.
* Siero, Bakker, Dekker, & Van Den Burg. (1996). ‘Changing Organizational Energy Consumption Behaviour Through Comparative Feedback’, *Journal of Environmental Psychology,* *16*(3), 235-246.
* Schultz, PW., ‘Strategies for Promoting Proenvironmental Behaviour: Lots of Tools but Few Instructions’, *European Psychologist*, 19, 2014, pp.107-117.
* The Behavioural Insights Team, UK. EAST: Four Simple Ways to Apply Behavioural Insights, United Kingdom Government, 2014. Available from: <http://www.behaviouralinsights.co.uk/publications/east-four-simple-ways-to-apply-behavioural-insights/>, (accessed 1 October 2017).
* Turner, J. C., & H. Tajfel, ‘The social identity theory of intergroup behaviour’, *Psychology of intergroup relations*, 1986, 7-24.
* Twenge, J., Baumeister, R., DeWall, C., Ciarocco, N., Bartels, J., & Dovidio, John F. (2007). ‘Social Exclusion Decreases Prosocial Behavior’, *Journal of Personality and Social Psychology,92*(1), 56-66.
* Twenge, J., Baumeister, R., DeWall, C., Ciarocco, N., Bartels, J., & Dovidio, John F., ‘Social Exclusion Decreases Prosocial Behaviour’, *Journal of Personality and Social Psychology,* vol. 92, no.1, p 56-66.
* Van Houwelingen, J., & Van Raaij, W. (1989). ‘The Effect of Goal-Setting and Daily Electronic Feedback on In-Home Energy Use’, *Journal of Consumer Research,* *16*(1), 98-105.
* World Development Report 2015: Mind, Society, and Behaviour. http://www.worldbank.org/en/publication/wdr2015