



Results of an Australian Public Service study found blind recruitment makes things worse for women and members of ethnic minorities www.shutterstock.com

The [Behavioural Economics Team of the Australian Government \(BETA\)](#) or “nudge unit”, founded in 2015, is using behavioural economics in an effort to improve policy outcomes. The problem? Evidence shows it may be the wrong way to address major problems like inequality.

Put simply, behavioural economics is severely limited in its approach to inequality. Fortunately, other psychological approaches are better suited.

Behavioural economics is built on a particular tradition in psychology, sometimes called the American tradition. At its heart is a distinction between rational and irrational psychological processes.

These are often described in terms of two separate cognitive systems. One is a “slow” deliberate system where logic and reasoning prevails, and another is a “fast” automatic system where stereotypes and unconscious biases hold sway.

Behavioural economics assumes that perceptions of groups (e.g. races, genders and nationalities) are driven by irrationality and that we should stop grouping people by stereotypes or labels. Rather, we should view them as individuals.

However, this rules out important inequality-busting techniques like collective protest, quotas, and affirmative action (favouring those who are marginalised in society). All of these rely on perceiving people as members of a group rather than individuals.

What is BETA?

Government behavioural economics 'nudge unit' needs a shove in a new direction

Written by The Conversation

BETA's stated mission is to use behavioural economics to enrich government policies, programmes and services.

Behavioural economics is a [brand of psychology](#) that has become a household name due to best-selling books such as [Predictably Irrational](#), [Thinking Fast and Slow](#), and [Nudge](#). It was partly due to that popularity that the Turnbull government set up BETA.

In terms of government policy, the general message of behavioural economics is that policy should mitigate the effects of the irrational, unconscious decisions people make.

Inconvenient results

BETA recently published the findings of its Australian Public Service study into [blind recruitment](#).

In that study, gender and ethnicity information was removed from descriptions of potential job candidates. It was a study designed to interrupt unconscious biases against women and ethnic minorities.

The results were surprising - blind recruitment made things worse for women and members of ethnic minorities. These results illustrate the limits of behavioural economics in action.

In the study, Australian Public Service managers participated in a hypothetical recruitment as selectors. Converse to expectations, when the gender of candidates was unknown (i.e. blind recruitment), the likelihood of being shortlisted decreased for women and increased for men. Indigenous women, in particular, were less likely to be shortlisted.

[BETA interprets](#) this as evidence of "subtle affirmative action taking place among reviewers".

Here lies the challenge. On the one hand, the goal of de-identification was to eliminate the role of unconscious biases in recruitment, removing the influence of characteristics not relevant to potential performance on the job.

On the other hand, BETA tacitly accepts the identified affirmative action for women and ethnic minorities.

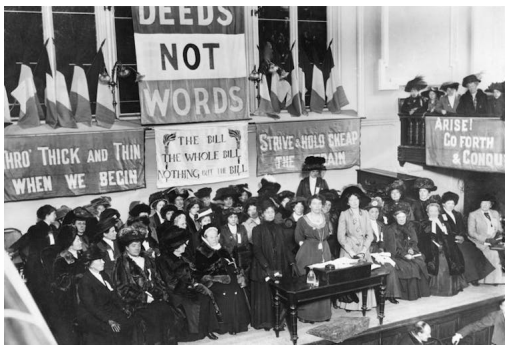
This is inconsistent. BETA is left advocating for blind recruitment to mitigate unconscious biases, but not when those biases lead to the outcomes they want. This is the trap of behavioural economics.

A different way to tackle inequality

There is an alternative psychological tradition, sometimes called the European/Australian tradition, that avoids any tidy distinction between rational and irrational cognitive systems.

Critically, it [rejects the notion](#) that group-based perception is intrinsically less rational than seeing people as individuals. [Australian research](#) demonstrates that, cognitively, group-based perception operates in the same way as perceiving people as individuals. It therefore can support programs that directly try to combat inequality.

Within this school of thought, protest, quotas, and affirmative action are accepted as pathways to change. Indeed, research indicates these may be [more effective](#) and other efforts are [merely distractions](#)



The hard won successes of the suffragette movement could not have occurred without women recognising themselves as a group. Wikimedia Commons **The way forward for BETA**

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BETA recently secured three more years of funding. This should be celebrated. For one, BETA's advocacy for evidence based decision making is needed in changing policy. However, when it comes to inequality and social justice, BETA should be open to alternative perspectives.

Workplace discrimination on the basis of gender or ethnicity is a real problem but it's not a problem of irrationality. It's a problem because women and ethnic minorities are underrepresented in higher paying jobs and in positions of power. This puts at risk their participation in policy making, and consequently their well-being.

BETA risks spreading a message that we can only deal with faulty psychology, not inequality directly, potentially nudging us in the wrong direction.

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