

# Science for Environment Policy

## Green nudges and corporate environmental strategies' prospects for behavioural change

**Nudges can foster greener public behaviour** but they also raise some moral questions, concludes a recent analysis of behaviour-change schemes. How businesses' behaviour is influenced by consumer concerns for the environment is less clear – and may only result in 'greenwash' – the researchers suggest.

**Policymakers around the world** are increasingly interested in behavioural environmental economics. This field combines psychological and [economic](#) theory to help promote [green behaviour](#).

This study explores two examples of behavioural environmental economics: green nudges and corporate environmental strategies. The researchers reviewed a range of previous studies into these measures to produce an overview of their strengths and weaknesses.

Green nudges can be effective, the research shows. One form of nudging that works very well is making the greener option the default choice. When presented with a choice, people tend not to think too hard about which is really best, and may simply select the default without making any real decision. This lack of 'rationality' can be exploited by nudges.

For example, many utility companies now send bills by email as default, and customers must opt-in to receive paper copies, which saves huge amounts of paper. Similarly, many office printers now automatically print double- instead of single-sided.

Nudges that use the power of social influence are also often successful. In an example of a US programme, an energy company sent bills which compared each customer's usage with their neighbours'. The bills contained messages such as "Last month you used 15% less electricity than your efficient neighbours". This programme led to a 2% drop in energy usage.

Little is known about the long-term behavioural impacts of nudges. Moreover, nudges can raise moral questions, the researchers say; because they steer the public towards a particular option, regulators are forced to decide which choice is 'best'. There is also a question of how much manipulation through nudging is acceptable.

Unlike green nudges, it is less clear whether corporate environment strategies are effective, say the researchers. They explored these as an example of behavioural environmental economics because they are driven by social preferences: specifically, consumer concern for the environment.

Most large companies have an environmental strategy and research has shown that these often have a positive effect on business performance. They may give a company an edge over its competitors, for instance, if a business adopts innovative green technologies ahead of environmental regulations.

However, there are few studies into these strategies' effects on businesses' actual environmental performance. The studies analysed by the researchers did not show any clear green benefits. The researchers raise concerns that these strategies are all too often 'greenwash'. That is, companies overstate their environmental efforts, misleading consumers.

Despite the challenges of promoting green behaviour, the researchers highlight the power of combining economics with psychology, and believe synergies should be explored further.



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