

Institutionalizing Nudging: The Case for a Behavioural Public Policy Unit in Portugal

Institucionalizando o Nudging: A Necessidade de uma Unidade de Políticas Públicas Comportamentais em Portugal

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Resumo

A rápida difusão global das políticas públicas comportamentais transformou o nudging de uma ferramenta experimental numa abordagem de governação estruturada em vários países da OCDE. No entanto, as condições institucionais necessárias para integrar os insights comportamentais em diferentes tradições administrativas continuam a ser pouco exploradas. Este artigo examina o caso da criação de uma unidade de insights comportamentais em Portugal, um país que adotou tardiamente esta abordagem e que opera num sistema administrativo legalista e dependente do caminho percorrido. Com base na teoria institucional, na literatura sobre capacidade política e em evidências comparativas de unidades comportamentais existentes, o artigo desenvolve uma proposta de design sensível ao contexto, ancorada no centro do governo. Em vez de defender a transplantação institucional, o artigo propõe uma estratégia de camadas incrementais que integra diagnósticos comportamentais, avaliação experimental e funções de capacitação nas estruturas de governação existentes. A análise enfatiza que a eficácia, a legitimidade e a adequação institucional são dimensões interdependentes da governança comportamental sustentável. Para além do caso português, o artigo contribui para os debates teóricos sobre a institucionalização das políticas públicas comportamentais em sistemas administrativos tardios e destaca a importância da integração democrática na conceção de instrumentos de governança comportamental.

Palavras-chave: política pública comportamental, estratificação institucional, capacidade política, sistemas administrativos, inovação na governação, integração democrática, Portugal.

Abstract

The rapid global diffusion of behavioural public policy has transformed nudging from an experimental tool into a structured governance approach in several OECD countries. Yet the institutional conditions required for embedding behavioural insights within different administrative traditions remain underexplored. This article examines the case for establishing a behavioural insights unit in Portugal, a late adopter operating within a legalistic and path-dependent administrative system. Drawing on institutional theory, policy capacity literature, and comparative evidence from existing behavioural units, the article develops a context-sensitive design proposal anchored in the centre of government. Rather than advocating institutional transplantation, it advances an incremental layering strategy that integrates behavioural diagnostics, experimental evaluation, and capacity-building functions within existing governance structures. The analysis emphasizes that effectiveness, legitimacy, and institutional fit are interdependent dimensions of sustainable behavioural governance. Beyond the Portuguese case, the article contributes to theoretical debates on the institutionalization of behavioural public policy in late-adopting administrative systems and highlights the importance of democratic embedding in the design of behavioural governance instruments.

Keywords: behavioural public policy, institutional layering, policy capacity, administrative systems, governance innovation, democratic embedding, Portugal.

1. Introdução

In recent years, behavioural public policy has gained increased attention as a promising approach to enhance the effectiveness, efficiency, and legitimacy of governmental action. Grounded in the empirical findings of behavioural sciences, particularly psychology and behavioural economics, this approach challenges the assumptions of the rational actor model and seeks to design policies that are more aligned with how individuals actually make decisions. By shaping the “choice architecture” of public interventions, nudging has become a widely discussed and, in many contexts, institutionalized tool for influencing behaviour in areas such as public health, sustainability, education, and fiscal compliance.

Despite the global diffusion of behavioural insights in policy design and implementation, the Portuguese public administration has not yet consolidated an institutional framework for their systematic use. While isolated initiatives exist, often driven by individual departments or research collaborations, there is no dedicated behavioural insights unit within the central government nor a strategic vision for integrating nudging into the policy cycle. This contrasts with several OECD countries, which have developed institutional mechanisms, such as “nudge units” or behavioural insights teams, to support evidence-based experimentation, foster interministerial coordination, and ensure the ethical use of behavioural tools.

This article aims to fill that gap by proposing a model for the institutionalization of behavioural public policy in Portugal, through the creation of a dedicated behavioural insights unit embedded within the state apparatus. Based on a policy

design perspective and informed by comparative case studies, the article identifies the main barriers and opportunities for implementing such a structure, considering the political-administrative specificities of the Portuguese context. It argues that the integration of behavioural approaches must go beyond isolated interventions and be supported by stable, transparent, and accountable institutional arrangements.

The central argument is that a behavioural insights unit, if meticulously designed, can contribute to modernizing the Portuguese state, improving the effectiveness of public policies, and fostering a more citizen-centred administration. However, such a reform is not merely technical: it raises normative and political questions about the limits of state intervention in individual behaviour, the legitimacy of choice architecture, and the conditions under which behavioural tools can be ethically deployed in democratic societies.

Methodologically, the article follows a qualitative and analytical approach. It draws upon the theoretical literature on behavioural public policy, institutional design, and policy instruments, as well as on international case studies of behavioural units in comparable governance settings. The proposed model is tailored to the Portuguese context but aspires to offer broader reflections on the conditions necessary for embedding behavioural science within public decision-making in Southern European democracies.

The article is structured as follows: Section 2 presents the theoretical and conceptual framework, reviewing the evolution of nudging and its integration into the policy cycle. Section 3 explains the methodological approach. Section 4 analyses the Portuguese institutional context, identifying constraints and enablers for behavioural policy. Section 5 introduces a proposed design for a Portuguese behavioural insights' unit, including its functions, governance structure, and ethical safeguards. Section 6 discusses the broader implications of institutionalizing behavioural insights in Portugal. Finally, Section 7 offers conclusions and recommendations for policy and future research.

2. Theoretical Framework and Literature Review

2.1. From *Homo Economicus* to *Homo Behavioralis*

For decades, mainstream policy design was grounded in the rational choice paradigm. Individuals were assumed to be rational agents (*homo economicus*), capable of processing all relevant information, forming stable preferences, and maximizing utility consistently. This framework underpinned a wide range of policy instruments — from taxes and subsidies to regulations and mandates — designed to alter behaviour through incentives or disincentives.

However, growing empirical evidence from cognitive psychology, behavioural economics, and neuroscience challenged these assumptions. Seminal works by Tversky and Kahneman (1974, 1981), Simon (1957), and later Thaler (1980, 2000)

demonstrated that decision-making is frequently bounded by heuristics, cognitive biases, emotional framing, and situational cues. The concept of *bounded rationality* replaced the ideal of perfect rationality, introducing a more realistic understanding of how individuals perceive risk, process information, and act under uncertainty.

The emergence of the *homo behavioralis* reframed public policy debates. Instead of treating citizens as utility-maximizing calculators, behavioural policy approaches acknowledge systematic deviations from rational behaviour and seek to design environments that support better choices. This epistemological shift laid the groundwork for what would later be formalized as *nudging*.

2.2. Behavioural Public Policy: Effectiveness, Institutionalization and Legitimacy

The rapid diffusion of behavioural insights into public policy over the past two decades reflects a broader epistemological shift in the social sciences. Moving beyond the rationalist assumptions of classical public economics, behavioural public policy incorporates empirical findings from psychology, behavioural economics, and cognitive science to better understand how individuals actually make decisions in real-world contexts. Yet, while the theoretical foundations of nudging have been extensively discussed, the institutionalization of behavioural approaches within public administration remains uneven and theoretically underexplored.

The publication of *Nudge* (Thaler & Sunstein, 2008) marked a pivotal moment in translating behavioural research into a governance framework. The concept of libertarian paternalism proposed that governments could steer behaviour through choice architecture while preserving freedom of choice. Subsequent work by Sunstein (2016) further refined the ethical foundations of behavioural governance, arguing that influence is unavoidable in policy design and that the relevant normative question is not whether governments shape choices, but how transparently and responsibly they do so.

However, the debate has evolved significantly beyond the original formulation. Peter John (2018) argues that the future of behavioural public policy depends not on isolated nudges, but on integrating behavioural thinking into broader democratic processes. Rather than replacing traditional instruments, behavioural tools should complement participatory mechanisms and deliberative policy design. John's analysis highlights a central tension: while nudges may improve policy outcomes, their legitimacy ultimately depends on institutional embedding and democratic accountability.

Empirical evaluations of behavioural interventions have yielded mixed but generally encouraging results. Benartzi et al. (2017), in a large-scale meta-analysis, suggest that nudges often outperform traditional policy tools in terms of cost-effectiveness. Their findings reinforce the argument that small modifications in choice

environments can generate disproportionately large behavioural effects. Yet, they also caution that scalability and contextual variation remain significant challenges. What works in one administrative setting may not replicate automatically elsewhere.

Parallel to effectiveness debates, scholars have increasingly examined the organizational and institutional dimensions of behavioural governance. Halpern's (2015) account of the UK Behavioural Insights Team provides a practical illustration of how political sponsorship, methodological rigor, and early "quick wins" were crucial for institutional survival. Importantly, the success of the UK model was not merely technical; it was institutional and strategic. Proximity to the Cabinet Office ensured both visibility and cross-sectoral access, while a hybrid public-private model enhanced flexibility.

Comparative research has confirmed that institutional positioning strongly influences behavioural insights unit's effectiveness. OECD reports (2017, 2019) document significant variation across countries in mandate, governance structure, staffing, and integration into policy cycles. Lourenço et al. (2016), in their European Commission review, emphasize that behavioural insights are most impactful when embedded early in the policy design process rather than added as ex post adjustments. This insight is particularly relevant for countries seeking to move from sporadic experimentation toward structural institutionalization.

Recent contributions in the journal *Behavioural Public Policy* further extend the field's theoretical boundaries. Scholars have explored the limits of nudging in complex policy environments, questioning whether behavioural interventions can address structural inequalities or whether they risk diverting attention from redistributive policy reform. Others have analysed the concept of "sludge", excessive administrative burdens that impede citizens' access to services (Sunstein, 2021). This line of inquiry intersects with Moynihan's (2018) theory of administrative burden, which conceptualizes policy design as a source of learning, psychological, and compliance costs. Behavioural public policy, from this perspective, is not only about nudging desirable behaviour but also about reducing friction that undermines equity and accessibility.

The administrative burden literature is particularly salient for the Portuguese case. Moynihan (2018) argues that bureaucratic complexity can function as an implicit policy instrument, shaping access to rights and benefits. Behavioural insights, when properly institutionalized, can help diagnose and reduce such burdens through simplification and user-centred design. Thus, the creation of a behavioural insights' unit is not merely about influencing citizen behaviour, but also about reforming state practices.

At the same time, critical scholarship warns against overstating behavioural tools' transformative potential. Critics argue that nudges may produce marginal gains without addressing structural determinants of social problems. Others highlight risks of technocratic overreach if behavioural interventions operate without adequate

transparency or democratic oversight. These critiques do not invalidate behavioural public policy; rather, they underscore the necessity of embedding ethical safeguards and institutional accountability mechanisms.

A further strand of literature examines policy diffusion and institutional innovation. Behavioural units have spread rapidly across OECD countries, often inspired by the UK model. Yet diffusion does not guarantee successful transplantation. Institutional fit, administrative culture, and political context mediate outcomes. Southern European administrative traditions, characterized by legal formalism and hierarchical governance structures, may encounter distinct challenges in adopting agile, experimental approaches. Therefore, the Portuguese case requires adaptation rather than replication.

In this context, institutionalization emerges as the central analytical question. Behavioural public policy can remain at the level of isolated pilot projects, dependent on individual champions, or it can evolve into a structured governance capability embedded within the machinery of state. The latter path requires formal mandates, interdisciplinary expertise, ethical frameworks, and cross-ministerial coordination. As John (2018) suggests, the long-term legitimacy of behavioural governance depends on integrating behavioural reasoning into democratic institutions rather than operating as an external technocratic enclave.

The literature thus converges on three key insights relevant to the Portuguese case. First, behavioural interventions are most effective when grounded in rigorous experimentation and supported by high-level political sponsorship. Second, institutional design, including location within government and governance mechanisms, significantly affects sustainability and legitimacy. Third, ethical transparency and administrative simplification are not peripheral concerns but central to the democratic acceptability of behavioural governance.

Taken together, these insights justify moving beyond sporadic behavioural initiatives toward a coherent institutional framework. The Portuguese context presents both constraints and opportunities, but the theoretical and comparative literature strongly suggests that structured institutionalization, rather than ad hoc experimentation, is the most viable pathway for embedding behavioural insights into public policy.

3. Methodology

This article adopts a qualitative, conceptually grounded, and design-oriented methodological approach. Rather than testing causal hypotheses through primary empirical data, the study develops a theoretically informed institutional proposal for embedding behavioural public policy within the Portuguese governmental system. The research design is situated within the tradition of policy design analysis and normative institutional inquiry, which aim to articulate feasible governance models grounded in comparative evidence and theoretical reasoning.

The methodological strategy combines three complementary dimensions: conceptual synthesis, structured comparative analysis, and context-sensitive institutional adaptation.

First, the article builds on a systematic review of the academic literature on behavioural public policy, nudging, institutional design, administrative burden, and governance innovation. This review serves not merely as background but as a conceptual scaffolding for identifying core design principles. By engaging with debates on effectiveness, legitimacy, and institutionalization, the analysis extracts criteria that any sustainable behavioural insights unit must satisfy, including political anchoring, methodological rigor, ethical safeguards, and cross-sectoral integration. The objective is analytical generalization rather than statistical inference: the article seeks to derive institutional design principles from accumulated theoretical and empirical scholarship.

Second, the study employs structured comparative analysis of selected behavioural insights units in OECD countries, including the United Kingdom, France, Canada, and Denmark. These cases are not examined as full empirical case studies but as institutional reference models. The comparative dimension functions heuristically, allowing the identification of recurring design patterns, such as central positioning within government, interdisciplinary staffing, experimental evaluation practices, and formalized ethical frameworks. This approach aligns with methodological strategies in institutional diffusion research, where cross-national examples are used to inform contextually adapted policy innovation rather than to generate universal causal claims.

Third, the proposal is developed through contextual institutional analysis of the Portuguese administrative system. Drawing on existing scholarship on Portuguese public administration and reform trajectories, the article assesses structural constraints, including legalistic administrative culture, ministerial fragmentation, and limited evaluation capacity, as well as emerging opportunities linked to digital transformation and modernization agendas. The institutional model advanced in Section 5 is therefore not an abstract normative blueprint but a context-sensitive design that seeks alignment with existing governance dynamics while introducing incremental innovation.

Epistemologically, the article adopts a form of normative-institutional reasoning. It assumes that institutional design is neither purely technical nor purely political but situated at the intersection of empirical knowledge and democratic legitimacy. The proposed behavioural insights unit is evaluated against criteria derived from both effectiveness research and normative democratic theory, particularly transparency, accountability, and proportionality. In this sense, the article contributes to what may be described as second-order policy analysis: it does not assess individual behavioural interventions but rather the governance structures that enable or constrain their systematic deployment.

The methodological choice not to include primary interviews or field experimentation reflects the scope and objectives of the study. The purpose is not to evaluate existing Portuguese behavioural initiatives but to articulate a coherent institutional framework capable of supporting them. Future research may complement this proposal with empirical investigation, including elite interviews, policy network analysis, or pilot intervention assessment. However, at this stage, the design-oriented approach is appropriate to address the central research question: what institutional configuration would allow for the effective, legitimate, and sustainable integration of behavioural insights into Portuguese public policymaking?

The limitations of this methodology are acknowledged. Comparative inferences are interpretive and contingent upon available documentation. The feasibility of the proposed model remains to be empirically tested through implementation. Nevertheless, by grounding the proposal in established theoretical debates and cross-national institutional experience, the article aims to ensure analytical robustness and practical plausibility.

In sum, the methodology reflects the article's dual ambition: to contribute to theoretical discussions on behavioural public policy institutionalization and to offer a policy-relevant, contextually adapted institutional design for Portugal. The approach privileges coherence, normative clarity, and comparative insight over empirical quantification, consistent with the exploratory and design-focused nature of the study.

4. The Portuguese Case: Institutional Constraints, Policy Capacity and Adaptive Opportunities

Despite the global diffusion of behavioural public policy, Portugal remains a comparatively late institutional adopter. This condition should not be interpreted as mere policy inertia, but rather as the product of institutional path dependencies, administrative culture, and governance capacity configurations. Institutionalization, as highlighted in the literature on policy diffusion, is mediated by contextual fit: innovations travel, but they do not transplant automatically. The Portuguese case must therefore be analysed through the lens of institutional compatibility rather than normative desirability.

4.1. Administrative Tradition and Institutional Path Dependency

Portugal's public administration is historically embedded in the continental Napoleonic tradition, characterized by legal formalism, hierarchical authority, and procedural compliance. Institutional theory suggests that such administrative systems display high levels of rule orientation and stability, often privileging legal certainty over experimental flexibility. While this configuration enhances predictability and formal accountability, it may constrain the adoption of agile, iterative governance models such as behavioural experimentation.

From an institutional path dependency perspective, Portuguese administrative structures have evolved incrementally rather than through disruptive reform. This trajectory has reinforced proceduralism and ministerial compartmentalization. Behavioural public policy, however, presupposes cross-sectoral coordination, iterative testing, and tolerance for controlled experimentation, features that may sit uneasily within a system oriented toward *ex ante* legal validation rather than *ex post* empirical adjustment.

This tension does not render institutionalization impossible. Rather, it implies that behavioural innovation must be framed not as a rupture but as an extension of existing modernization efforts. Institutional change in path-dependent systems tends to occur through layering and gradual adaptation rather than radical transformation.

4.2. Policy Capacity and Administrative Burden

A second analytical dimension concerns policy capacity. Behavioural public policy requires analytical capacity (diagnostics), operational capacity (implementation), and evaluative capacity (experimental testing). Portugal's administrative system demonstrates uneven development across these domains.

While regulatory impact assessment mechanisms exist, systematic evaluation culture remains comparatively limited. Randomized controlled trials, a cornerstone of behavioural experimentation, are rarely embedded in routine policymaking. From the perspective of administrative burden theory (Moynihan, 2018), this limitation has substantive consequences: policies may inadvertently generate learning costs, compliance burdens, and psychological barriers for citizens without systematic diagnosis or simplification.

Behavioural insights can serve not only to influence behaviour but also to reduce administrative friction. In Portugal, bureaucratic complexity has historically shaped citizen–state interactions, particularly in areas such as taxation, social benefits, and licensing procedures. The integration of behavioural diagnostics could therefore function as an instrument of state reform, targeting sludge and simplifying access to rights. However, such an approach requires institutional capacity for experimentation and data analysis that is not yet structurally embedded.

4.3. Interministerial Fragmentation and Governance Coordination

The Portuguese governmental architecture is characterized by sectoral compartmentalization. Ministries operate with significant autonomy, and cross-ministerial coordination often depends on political leadership rather than institutionalized horizontal mechanisms. Behavioural public policy, by contrast, is intrinsically transversal: its value lies precisely in its applicability across domains.

Institutional diffusion research demonstrates that cross-cutting innovations are more likely to succeed when anchored in the centre of government. Without such anchoring, behavioural initiatives risk remaining fragmented pilot projects,

dependent on individual champions rather than systemic integration. In Portugal, the Presidency of the Council of Ministers functions as a strategic coordination hub, particularly in modernization and digital transformation agendas. This structural feature constitutes a potential enabling condition for behavioural institutionalization.

4.4. Europeanization and External Incentives

Portugal's membership in the European Union introduces an additional institutional dynamic: Europeanization. The European Commission has actively promoted behavioural insights within its Better Regulation framework and has supported evidence-based experimentation across member states. External normative and procedural pressures can lower the political cost of adopting innovation, particularly when framed as alignment with European governance standards.

From a diffusion perspective, this constitutes a mechanism of normative and cognitive convergence rather than coercive imposition. The existence of European-level behavioural reports and pilot projects creates a legitimizing environment for national institutionalization. In this sense, Portugal's relatively late adoption may paradoxically represent an advantage: it allows selective appropriation of tested models rather than first-mover risk.

4.5. Political Culture and Democratic Legitimacy

Institutional feasibility must also be evaluated against political culture. Portuguese democratic history includes periods of centralized and opaque governance, which may generate sensitivity toward technocratic or paternalistic interventions. Behavioural tools, particularly when misunderstood as manipulative, can trigger normative resistance.

However, legitimacy concerns are not static constraints; they are mediated by design choices. Transparency mechanisms, public disclosure, ethical oversight, and parliamentary reporting can transform behavioural governance from a potentially opaque instrument into a visible and accountable reform tool. In institutional terms, legitimacy is endogenous to design.

4.6. Synthesis: Institutional Fit and Incremental Innovation

The Portuguese case presents neither an inhospitable nor a fully prepared environment for behavioural institutionalization. Instead, it reflects a configuration of structural constraints and adaptive opportunities that must be assessed in terms of institutional fit. Among the main constraints are the persistence of path-dependent legalism, a limited embedded culture of systematic evaluation, sectoral fragmentation across ministries, and uneven distribution of behavioural expertise within the public administration. These structural features may inhibit rapid adoption of experimental governance approaches and reinforce procedural conservatism.

At the same time, the Portuguese institutional landscape offers relevant enabling conditions. Central coordination capacity within the Presidency of the Council of Ministers provides a potential anchor for transversal policy innovation. Ongoing modernization and digital reform agendas create political and administrative space for methodological renewal. European alignment incentives and participation in EU-level governance networks contribute to normative legitimacy and policy learning. Furthermore, a growing public discourse around citizen-centred governance reinforces the relevance of behavioural approaches aimed at simplifying administrative processes and enhancing user experience.

Institutional theory suggests that innovation in such contexts is most likely to succeed through incremental layering rather than disruptive transplantation. A behavioural insights unit must therefore be conceived as an adaptive mechanism embedded within existing governance structures, capable of gradually strengthening policy capacity, fostering interministerial trust, and normalizing experimental reasoning within the policy cycle. The relevant analytical question is not whether Portugal is “ready” for behavioural public policy, but under which institutional configuration behavioural governance can enhance administrative effectiveness while reinforcing democratic legitimacy. The following section addresses this question through a context-sensitive institutional design proposal.

5. A Proposed Behavioural Insights Unit for Portugal

The establishment of a behavioural insights unit within the Portuguese government should not be conceived as a mere technical addition to the administrative apparatus, but as a strategic institutional innovation. International experience demonstrates that the effectiveness of behavioural insights units depends on their institutional positioning, governance model, and capacity for cross-sectoral integration. Consequently, the design of such a unit in Portugal must reconcile international best practices with national administrative culture and political feasibility.

A critical decision concerns institutional location. Evidence from countries such as the United Kingdom and France suggests that behavioural insights units positioned close to the centre of government benefit from enhanced strategic leverage, greater visibility, and improved coordination capacity (OECD, 2017; John, 2018). In the Portuguese case, embedding the unit within the Presidency of the Council of Ministers (either as a semi-autonomous structure or integrated within an existing modernization body) would maximize transversal reach while ensuring political anchoring. Central positioning reduces fragmentation and signals that behavioural policy is not confined to a single sector but constitutes a horizontal governance tool.

Normatively, the unit must be grounded in principles that safeguard democratic legitimacy. Behavioural interventions inevitably shape choice environments; therefore, their institutionalization requires explicit commitments to transparency, proportionality, accountability, and respect for autonomy. Rather than relying solely

on the concept of libertarian paternalism, the Portuguese model should align with emerging ethical frameworks in behavioural public policy, which emphasize procedural openness and public scrutiny (Sunstein, 2016; OECD, 2019). Institutional trust is likely to depend not only on outcomes but also on visible safeguards embedded in governance arrangements.

Functionally, the unit would operate as an expert advisory and methodological support body. Its core activities would span four interconnected domains. First, behavioural diagnostics would identify friction points and cognitive barriers within existing policy processes, drawing on insights from psychology and behavioural economics. Second, intervention design would translate diagnostic findings into context-sensitive choice architecture adjustments, simplification strategies, or communication redesigns. Third, experimental testing, including randomized controlled trials or quasi-experimental methods, would evaluate intervention effectiveness, reinforcing a culture of evidence-based policymaking. Fourth, capacity-building activities would disseminate behavioural literacy within the public administration, thereby avoiding over-reliance on a centralized expert enclave.

Governance architecture is equally critical. To balance technical autonomy and political accountability, the unit should be led by a director appointed through a merit-based process, supported by a multidisciplinary team combining behavioural science, data analysis, and public law expertise. An external advisory board comprising academic experts and civil society representatives would strengthen legitimacy and ensure alignment with ethical standards. Formalized reporting mechanisms, including annual public reports and parliamentary presentation, would reinforce transparency and democratic oversight.

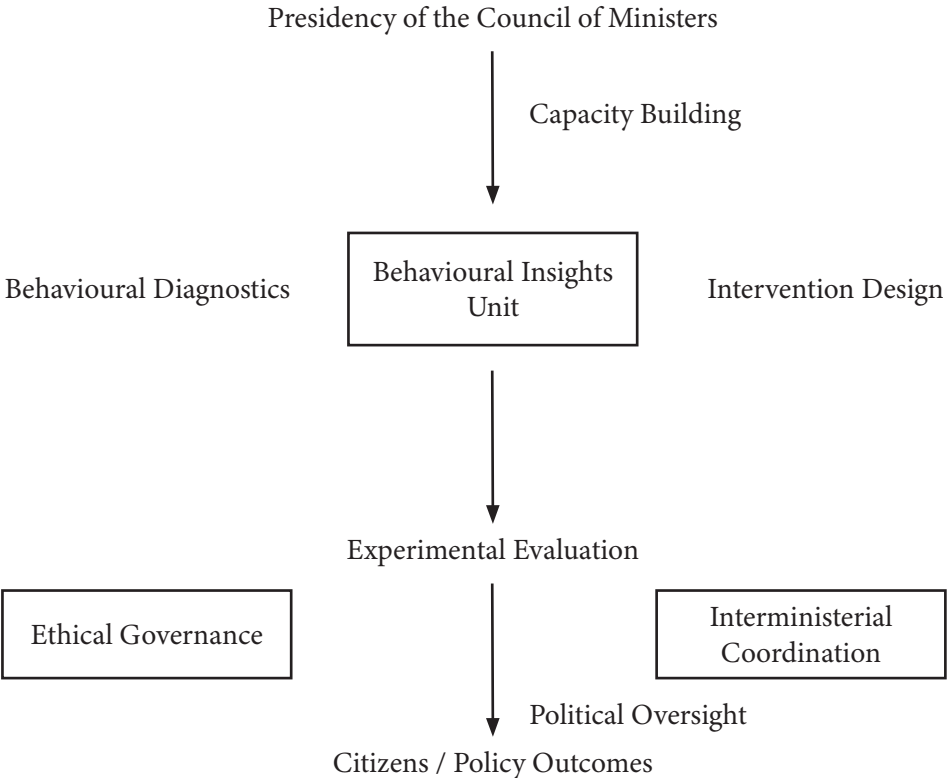
Ethical safeguards must not be treated as symbolic add-ons but as constitutive elements of institutional design. Pre-intervention review procedures, independent ethical scrutiny, public disclosure of methodologies, and clear opt-out mechanisms for citizens are necessary to prevent perceptions of covert manipulation. In this regard, ethical governance should function as a source of institutional resilience, protecting the unit against political contestation and normative backlash.

Finally, implementation should follow an incremental pathway. Rather than immediate large-scale institutionalization, a pilot phase could test operational viability and build internal legitimacy. Early, visible successes in areas such as tax compliance, digital services, or environmental behaviour would generate demand from line ministries and demonstrate added value. Formal legal institutionalization could subsequently consolidate the unit's mandate and protect it from political volatility.

In sum, the proposed behavioural insights unit is conceived not as a technocratic instrument of behavioural control, but as a structured, transparent, and democratically accountable innovation mechanism. Its effectiveness will depend not only on methodological rigor but on its capacity to embed behavioural reasoning within Portugal's broader administrative modernization trajectory.

The proposed institutional architecture is synthesized in Figure 1, which illustrates the unit’s central positioning within government, its functional domains, and the surrounding governance safeguards.

Figure 1. Institutional Model for a Portuguese Behavioural Insights Unit



Source: Author’s elaboration

6. Discussion: Institutional Layering, Policy Capacity and Democratic Embedding

The proposal advanced in this article should not be understood merely as a national administrative reform blueprint. Rather, it speaks to a broader theoretical debate concerning the institutionalization of behavioural public policy in legalistic and path-dependent administrative systems. While much of the literature has focused on the effectiveness of individual nudges or on the early experiences of pioneering countries, less attention has been devoted to the mechanisms through which behavioural governance becomes structurally embedded in late-adopting

contexts. The Portuguese case offers insight into how behavioural capacity can be integrated through institutional layering rather than displacement.

From an institutional theory perspective, the proposed behavioural insights unit does not represent a radical restructuring of the administrative state. Instead, it exemplifies a layering strategy: the gradual addition of new analytical and methodological capacities within existing governance structures. In path-dependent systems such as Portugal's, characterized by legal formalism and procedural stability, abrupt institutional transplantation is unlikely to succeed. Incremental embedding, anchored in the centre of government and aligned with modernization agendas, increases the probability of durable institutionalization. This suggests that behavioural public policy need not disrupt administrative traditions but can evolve through adaptive incorporation.

The discussion also raises questions of policy capacity. Behavioural public policy requires more than technical knowledge of cognitive biases; it demands analytical, operational, and evaluative capacities distributed across government. The proposed model addresses this by combining centralized expertise with capacity-building functions aimed at diffusing behavioural literacy throughout ministries. In doing so, it avoids the risk of creating an isolated technocratic enclave detached from mainstream policymaking. The sustainability of behavioural governance depends on this broader capacity diffusion, which transforms behavioural reasoning from a specialized intervention tool into a shared policy design resource.

At the same time, the institutionalization of behavioural insights presents a well-documented risk: symbolic adoption. Governments may establish behavioural units for reputational or signalling purposes without integrating behavioural diagnostics into substantive policy processes. Such symbolic institutionalization can produce organizational shells devoid of analytical depth or political influence. The Portuguese proposal explicitly addresses this risk by emphasizing central positioning, formal mandates, cross-ministerial coordination, and experimental evaluation practices. Institutionalization must be measured not by the existence of a unit, but by the routinization of behavioural reasoning within the policy cycle.

Normative legitimacy remains a central concern. Behavioural interventions inevitably shape choice environments, and their institutional embedding raises enduring questions about transparency, autonomy, and democratic accountability. The model proposed here approaches legitimacy not as an exogenous constraint but as an endogenous design variable. Transparency portals, ethical review mechanisms, parliamentary reporting, and opt-out safeguards are not peripheral features; they are constitutive elements of democratic behavioural governance. In this sense, the Portuguese case illustrates how legitimacy can be institutionalized alongside effectiveness rather than treated as a trade-off.

The broader comparative implication concerns the adaptation of behavioural governance beyond Anglo-Saxon contexts. Much of the early success of behavioural

units occurred in managerialist systems with strong evaluation cultures and flexible administrative norms. Southern European administrative traditions, including Portugal's, operate within different cultural and legal frameworks. The challenge is therefore not replication but translation. Institutional bricolage, the selective and context-sensitive integration of behavioural tools, may be a more appropriate pathway than direct emulation. This reinforces the argument that diffusion processes are mediated by administrative culture, political incentives, and institutional capacity.

Finally, the proposal highlights the political dimension of behavioural institutionalization. Windows of opportunity, leadership commitment, and cross-party legitimacy influence the durability of reform. Embedding a behavioural insights unit within the centre of government can enhance strategic coordination, but long-term sustainability requires insulation from short-term political volatility. Legal formalization, transparent reporting obligations, and visible performance outcomes can contribute to this resilience.

In sum, the discussion underscores that institutionalizing behavioural public policy is neither a purely technical exercise nor a simple matter of organizational design. It is a process of negotiated embedding within existing administrative traditions, shaped by path dependency, policy capacity, and democratic norms. The Portuguese case illustrates how a late adopter can pursue incremental institutionalization strategies that align innovation with legitimacy. More broadly, it contributes to the comparative literature by showing that behavioural governance can be adapted to legalistic administrative systems without abandoning democratic accountability or institutional coherence.

7. Conclusion

This article has argued for the institutionalization of behavioural public policy in Portugal through the creation of a dedicated behavioural insights unit embedded within the centre of government. Moving beyond a purely technical understanding of nudging, the analysis has framed behavioural governance as an institutional question: under what conditions can behavioural reasoning become structurally embedded within a legalistic and path-dependent administrative system?

Drawing on comparative evidence and institutional theory, the article proposed a model grounded in incremental layering rather than disruptive transplantation. In contrast to early adopter countries operating within managerialist traditions, Portugal represents a late institutional adopter, where administrative culture, policy capacity, and democratic legitimacy shape the trajectory of reform. The proposed unit therefore combines centralized coordination with capacity diffusion, methodological rigor with ethical safeguards, and political anchoring with transparency mechanisms.

The contribution of this study extends beyond the Portuguese case. It illustrates how behavioural public policy can be adapted to Southern European governance contexts through context-sensitive institutional design. By emphasizing institutional fit, policy capacity development, and democratic embedding, the article responds to a gap in the literature on the structural conditions required for sustainable behavioural governance.

At the same time, institutionalization carries risks. Symbolic adoption, technocratic insulation, or insufficient political commitment may undermine long-term effectiveness. For behavioural public policy to move from experimentation to structural integration, it must become routinized within the policy cycle, supported by formal mandates and sustained by cross-ministerial collaboration.

Future research should empirically assess implementation trajectories in late-adopting administrative systems, examine the relationship between behavioural capacity and policy performance, and explore how legitimacy perceptions evolve when behavioural tools become institutionalized. Ultimately, the institutionalization of behavioural public policy is not merely a matter of administrative modernization. It is a question of how democratic states reconcile effectiveness, autonomy, and accountability in the design of contemporary governance instruments.

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