

Culture and behaviours

Creating confidence in your biggest asset

*The executive summary
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“People are an organisation’s greatest asset and also its greatest potential risk. Many organisations are not proactively managing their most important competitive resource. Conversations about the impact of culture and behaviours need to be taking place at board level.”

Nicola Shield, partner

Culture and behaviour risk is all over the news; it affects multiple industries and sectors and the consequences can be severe. Often, boards are aware of problems, but fail to identify root causes or take tangible action to address systemic behavioural issues.

This becomes an even greater challenge for businesses dealing with global expansion, joint ventures, third party relationships or significant generational change. Equally, nurturing a strong culture has important benefits to enhance organisational resilience.



What's on your mind?

An organisation's culture is defined by the sum of its behaviours. Trade-offs are often made – for example, what takes priority – profit or customer? Making the right decision at key moments is fundamental to your business.

Bad apple or systemic issue?

When something goes wrong, most organisations seek comfort in pointing the finger at an individual. But why did this individual follow this course of action? How many others have learned similar behaviours? How do you know that what appears as a one-off incident is not a deeper, systemic cultural problem? Identifying root causes is critical to resolving the real issue and therefore, taking action to build a more resilient culture.

Positive psychology – building a strong culture

Having a strong culture that is built on strengths, principles and empowerment, and not based on rules, enables your organisation to be more agile and allows for faster decision making. Issues are escalated and dealt with quickly; potential crises are diffused before they combust. A carrot is more enticing than a stick.

Listen to the tone from the middle and tail, as well as the top

Many argue that the tone set by the top

is the most powerful tool for reinforcing behaviours. Increasingly though, those from the middle and from the tail are thought to be just as important. Collectively, they model what 'good' looks like. This tone can be a powerful force in preventing poor behaviour. If tone is identified as inadequate or misaligned, it can be a tough message for leadership to hear and therefore, can be easily ignored.

Controls vs controlling

The rise of social media has brought greater consumer power. Organisational transparency and employee empowerment are 'hot' topics. This can create tension between the control that organisations seek, and allowing people freedom to make decisions and take personal responsibility. This is not about taking a 'Big Brother' approach, it is about understanding how your organisation enables or prevents the behaviours you desire. It can be a challenge to find the right balance.

“It is about understanding how your organisation enables or prevents the behaviours that you desire”

Our point of view

An organisation's culture is defined by its behaviours

People don't tend to act on the spur of the moment or in isolation – behaviour is usually influenced and shaped by the environment over a long period. Behaviours can change, but not on their own. An assurance-based approach is pragmatic and focused; seeking to understand what drives behaviour and recommending specific improvements to build confidence and improve performance.

Successful organisations align intended, espoused and actual behaviours

Aligning your behaviours is the key to success. If there is a mismatch between the intended, espoused and actual behaviours, the consequences for your organisation can be serious. You need to deliver on what you say.

Go back to first principles

You need to re-examine why your organisation exists. What are the purpose, vision and values of your organisation? What behaviours need to be in place to deliver them? Do your policies, processes and procedures drive the required behaviours?

What are the moments that matter?

It is impossible to examine all behaviours at all times. You need to have a focus. This can be achieved by looking at the 'moments that matter' – explicit interactions and decision points where behaviours have a disproportionate effect on outcomes.

Measuring behaviour

Behaviours can be considered intangible, a subject lacking substance or boundaries and therefore, hard to assess. However, it is possible to define them. This should be done by measuring them both quantitatively and qualitatively to give you a holistic picture so that you understand your strengths and blind spots.

What good looks like

There are some fundamentals which create confidence in culture and behaviours:

-  Culture and behaviours are seen as a board level issue of strategic importance.
-  People at all levels of the organisation are personally accountable for their behaviours and understand what's expected of them.
-  Critical behaviours that matter to your organisation are clearly defined and aligned to your purpose, vision and values.
-  Behaviours take into account the tone from the top, middle and tail. Successful organisations recognise that leadership can operate at all levels.
-  Intended, espoused and actual behaviours are aligned and can be measured using factual evidence.

When to act

There are logical triggers in your business activities that prompt action. These will almost always be times when you should talk to us. Here are some examples.

- ✓ Conduct and behaviour failures leading to reputational damage.
- ✓ Regulatory change and scrutiny.
- ✓ Strategic changes to maximise the opportunity.
- ✓ Industry and competitor events.
- ✓ Internal audit findings which suggest behavioural issues.
- ✓ A 'values refresh' and behavioural change delivery programmes.
- ✓ Major organisational events including acquisitions and new operating models.
- ✓ New senior management appointments.

How we can help

We can help you develop a stronger culture and behaviours.

Cultural assessments – providing you comfort and support to maximise the value you can get from your culture. Where an incident has occurred, we can conduct root cause analysis and provide recommendations to fix systemic cultural issues.

Understanding what good looks like – helping you to define the behaviours your organisation requires, taking into consideration your performance goals and risk appetite.

Measuring your behaviours effectively – helping you understand what is happening within your organisation. Continuous measurement and improvement are critical.

Benchmarking against your peers – helping you understand how you compare with your competitors and other industries.

Providing an independent view – avoiding internal politics, and helping when you face external scepticism of your assessments.

Providing deep, practical expertise – a specialist team with experience in assurance and a deep understanding of organisational psychology.

Staying focused – building momentum and engagement in order to stay on track and achieve your objectives.

What you gain

Reputational protection

Promoting trust and stakeholder confidence, engagement and belief in your personal integrity and that of your people.

Organisational resilience

Developing the agility and flexibility needed to anticipate change and mitigate unwanted behaviours.

Superior performance

Embedding the behaviours that can give you a competitive edge.

Confidence to be proactive

Resulting from effective governance.





Delivering value

We have been at the forefront of developing cultural assessment and measurement approaches to enable banks to understand their behaviours.

This has been critical to demonstrate tangible progress to the regulator in this turbulent time. We have helped highlight the necessary attention boards must pay to culture and behaviours.

Additionally, we have provided quality assurance over a large behavioural change programme by testing key controls to ensure the desired outcome is achieved.

An international oil and gas organisation wanted to list its overseas operations on the London market but was concerned about how its management and leadership behaviours compared to UK peers.

We assessed the company's existing behaviours against other recently listed groups and provided critical evidence-based insights and tactical next steps. The group used these recommendations to prepare itself and secure the necessary funding for its production expansion plans and ensure that adequate oversight is available to the UK Board.

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