STUDIO ETICA
Compliance and Ethics Consultancy

Managing Behavioural Risk

10-Step Guide

Contents

INTRODUCTION

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"Behavioural science is fascinating, but how can it be applied to operational reality?"

I have heard this question and been asked it a lot myself over the past few years. The short answer is: Yes, the theory can absolutely be applied in practice.

This guide offers a 10-step framework that will help you set up your own behavioural risk management (BRM) capability.

Armed with new tools – as well as an understanding of the theories behind them – you will be equipped to take your ethics and compliance (E&C) programme to new heights.

INTRODUCTION

What is behavioural risk?

Problems with integrity often start from behaviours and poor organisational culture may drive misconduct. For these reasons, behavioural risk in the workplace needs to be managed.

People learn the 'right thing to do' by observing what others – their peers and managers – are doing around them. Behaviours that are repeated regularly become cultural 'norms'. When asked about the drivers of such behaviours, people are likely to say something like, "this is how things are done here," which is also a common characterisation of organisational culture.

In broad terms, behavioural risk is the risk of unwanted or unethical behaviour with the potential to lead to poor decisions or outcomes for the organisation or its stakeholders. Looking through a behavioural risk lens means looking at organisational culture and how it steers employees towards the type of behaviour that is expected of them.

As a series of recent corporate scandals has shown, unethical culture can compromise the effectiveness of a company's E&C programme in many ways – most importantly, by sending the wrong signals of what is acceptable behaviour.

> *"When individuals see themselves as belonging to a group and feel that being a group member is important to them, they will bring their behaviour in line with the norms and standards of the group."*
>
> **Joanne Smith and Winnifred Louis, psychologists**[1]

The role of the environment

Behaviours do not exist in a vacuum; they arise from the interaction between many behavioural drivers. They are strongly influenced by the surrounding social context and, more specifically, by the groups a person belongs to or identifies with.

Psychologist Kurt Lewin introduced the formula $B = f(P, E)$ to illustrate how an individual's behaviour is a function of both the person and their environment.[2] The environment, and the corresponding drivers, exist on three levels:

- Team (leadership style, performance targets)

- Organisation (company policies, strategies)

- Wider context outside the organisation (local culture, rule of law)

Managing behavioural risk, therefore, is not about assessing individuals, but about looking into group habits and examining whether 'how things are done here' merits a deeper dive. By focusing on the drivers of unwanted behaviours – including the social groups that a person belongs to, identifies with, and is strongly influenced by – it is possible to change the accepted norms.

FIGURE 1

Three categories of behavioural drivers
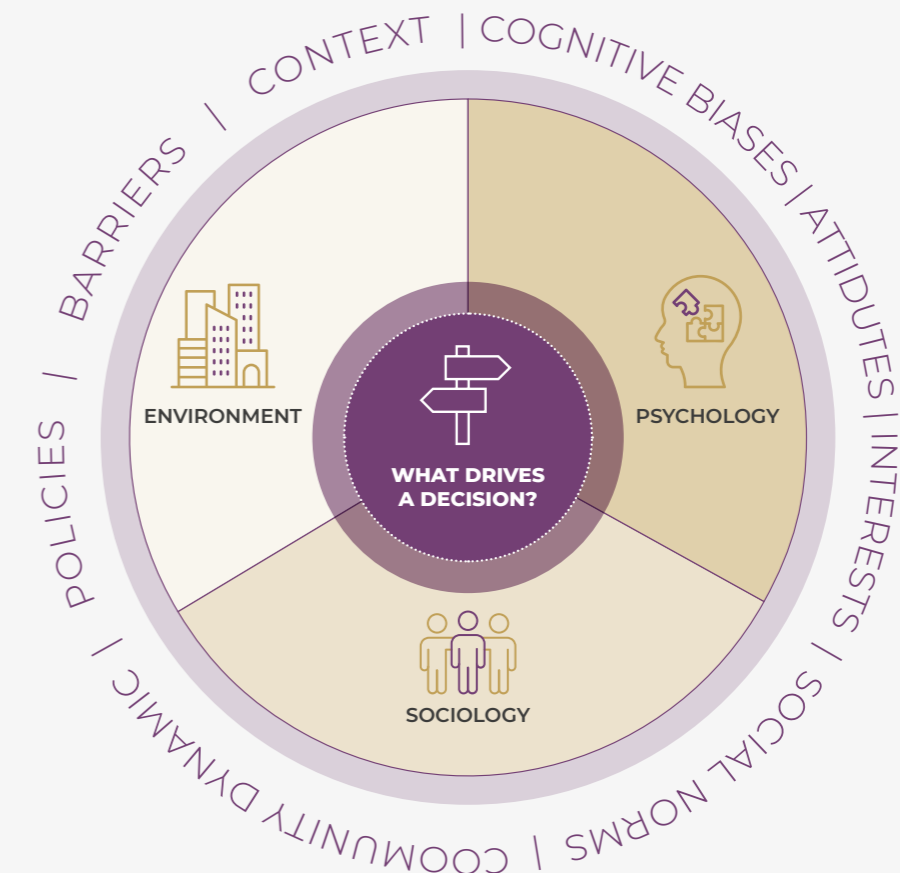
Behavioural risk management framework

It is helpful to develop a step-by-step strategy to identify potential areas of risk, before moving on to assessing their drivers and ultimately developing strategies to mitigate them.

The key to managing behavioural risks begins with a robust behavioural risk assessment (BRA) carried out by the organisation's Internal Audit, Risk, or Compliance function. In some parts of the world, in fact, these kinds of evaluations are already required by regulators.

A typical approach to managing behavioural risks is similar to the one used for any other type of risk. There are three major stages involved:

- Identify focus areas prone to behavioural risks

- Assess behaviours and their underlying drivers – by collecting and analysing relevant data

- Mitigate the identified risks by changing undesired behaviours with the right interventions

Since the 2008 financial crisis, the banking industry has been leading the way in improved assessment and management of behavioural risk. It is vital that compliance professionals across all industries have insight into the experience already accumulated in the financial sector.

What follows is a practical guide to setting up and implementing that strategy in 10 steps; the first five steps cover risk assessment, and the second five steps focus on behavioural interventions.

Let's get started!

Key regulatory guidance on behavioural risk and culture assessments

UK FCA Consumer Duty	The guidance states that culture and staff behaviours are **critical to delivering good outcomes for customers** and that this thinking needs to be embedded throughout the organisation[3]
De Nederlandsche Bank's "Supervision of Behavior and Culture" Book	Based on the DNB's Policy Paper "The Seven Elements of an Ethical Culture" (2009), this book provides a deep dive into DNB's method for **supervising behaviour and culture at financial organisations** introduced in 2010[4]
U.S. FSGO	The guidelines require organisations to **promote an organisational culture that encourages ethical conduct**[5]
US DOJ's Evaluation of Corporate Compliance Programmes Guidelines	The guidance stipulates that organisations are expected **to assess their culture and reflect the learnings** from the assessments in their **E&C programmes**[6]
Financial authorities in the UK, Singapore and Australia	Internal auditors **are required to evaluate and comment on behaviours and culture**[7]

BEHAVIOURAL RISK ASSESSMENT

Changing high-risk behavioural patterns requires deep understanding of underlying formal and informal drivers.

This section looks at steps 1-5 and explains how to conduct a behavioural risk assessment: from identifying areas prone to behavioural risks to subculture audits and creating your organisation's behavioural risk map.

These steps provide a strong foundation for sustainable organisational change.

Step 1

Identify focus areas prone to behavioural risks

The first step in establishing a BRM system is essentially horizon scanning, together with leveraging data to identify potential risk hot spots for a targeted audit.

The BRA team – whether it be Internal Audit, Risk, Compliance or another function taking the lead on behavioural risk – should first compile an overview of the entire organisation and, using multiple sources of data, examine which departments, entities or areas may be prone to risks that could be driving misconduct. BRA activities should also include considering which behavioural or cultural issues pose a risk to the organisation, as well as which behavioural or cultural factors could undermine how risk is managed in relation to managing a specific key risk.

The definition of behavioural risk is very broad, so different organisations will want to zoom in on different behavioural issues. Common focus areas include corruption, excessive risk taking, conflicts of interest, discrimination and harassment, fraud, and data privacy.

Defining risk-prone areas involves collecting input across four major areas:

- **Risk-driven triggers ('push')** based on BRA leadership and board consultation or other stakeholders' requests, includes looking at strategic priorities and/or underperforming areas

- **Event-driven triggers ('pull')** based on incoming signals or in response to management requests

- **Internal Audit's perspective:** observations from prior audits, professional judgement, data extraction from internal IT systems, HR surveys, or relevant self-assessments

- **Administrative considerations** for the BRA team to decide, including resourcing and time, capability building required, and how BRA engagements can be best integrated into the annual work plan

There is an increasing trend from regulators worldwide to expect internal audit activity to assess behavioural risks and organisational culture. Indeed, the International Standards for the Professional Practice of Internal Auditing (the IIA standards) clearly state that the internal audit plan must be risk-based[8], with behavioural risk falling into that scope. That said, to get the best of your BRA it is advisable to top up your internal audit function with experts from the fields of psychology and social sciences.

Who belongs on a BRA team?

- Internal auditors
- Behavioural scientists
- Compliance officers
- Risk professionals
- Anthropologists
- Organisational psychologists
- Other social scientists

Resource

Take a closer look at Internal Audit's approach to assessing culture and behavioural risk with our White Paper **"Auditing Culture, Assessing Behavioural Risk: A Practical Guide"**.
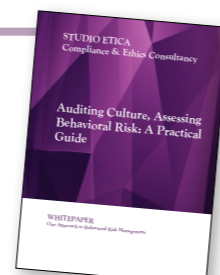
Step 2

Risk assess behaviours and their underlying drivers

Once focus areas have been identified, the next step is a culture diagnosis, i.e. assessing behaviours that may lead to risk along with their underlying drivers.

This may involve reviewing historical data, analysing employee surveys, and conducting interviews with employees and stakeholders. The goal is to identify patterns and trends in employee behaviour and to understand the factors that contribute to risky behaviour.

A simple sequence illustrates the point: drivers lead to behaviours, and these, in turn, lead to outcomes. Although the behaviour is the part we see, we need to focus on the drivers that shape it, rather than the behaviour itself, if we want to change it. Here, again, we must turn to the question of culture – because changing behaviour means changing the environment in which the behaviour is taking place.

Organisational culture has a complex structure that exists at both tangible and intangible levels. The tangible elements include policies, processes, technology, and observable behaviour. These are formal behavioural drivers.

The intangibles, or informal drivers, include the unwritten rules that guide everyday behaviours and how the individual and collective perceive the formal drivers of culture.
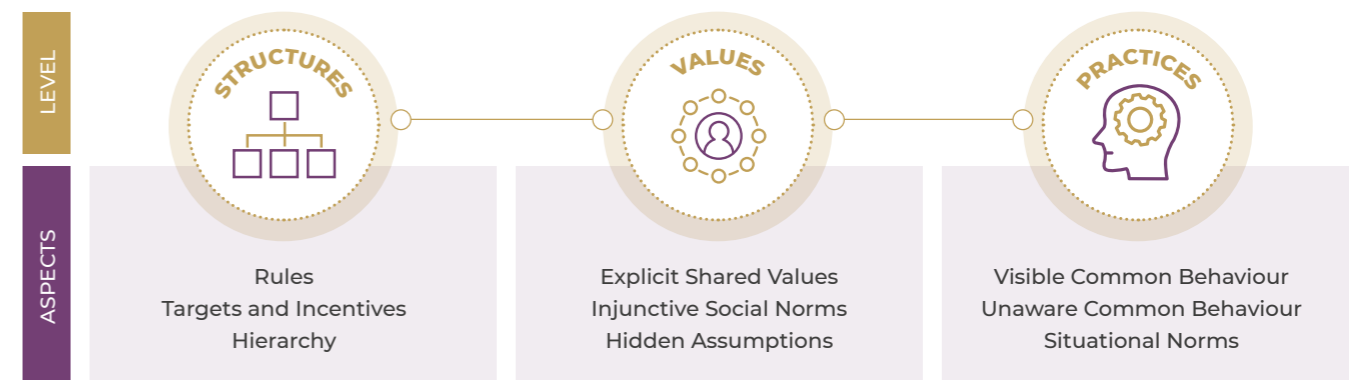
Shared values and beliefs, rationalisations, and underlying assumptions are often overlooked, but understanding how people work together in practice – rather than on paper – is critical for effective risk management.

Managing culture is not about changing specific cultural levels in isolation but about achieving alignment throughout. Misaligned cultures are dangerous because they feed cynical attitudes and distrust in management – both potential steps on the road to unwanted behaviour and poor decision-making.

Behavioural scientists use multiple methods to look at tangible and intangible elements (e.g. desk research to look at written rules, ethnographies to observe behaviour in real-life situations, and so on).

When conducting behavioural risk assessments, it is important to choose research methods that are both relevant and appropriate for the focus area and the behaviour being scrutinised.

FIGURE 2
Levels of organisational cultural analysis[9]

LEVEL	STRUCTURES	VALUES	PRACTICES
ASPECTS	Rules Targets and Incentives Hierarchy	Explicit Shared Values Injunctive Social Norms Hidden Assumptions	Visible Common Behaviour Unaware Common Behaviour Situational Norms

Step 3

Choose research methods wisely

No single research method is perfect; each individual method, if used in isolation, has inherent limitations. To compensate for that, a 'mixed method' approach is the best way to reach valid conclusions.

In practice, this means using a combination of quantitative and qualitative methods, enabling you to explore diverse behavioural perspectives and uncover the relationships between layers and elements of culture.

Here are some of the key methods:

- **Ethnography** is ideal for subculture audits, as it allows you to understand group dynamics, to see values being played out in practice and to assess deeper organisational causes of non-compliance.

- **Semi-structured interviews and confidential conversations** are excellent ways to learn about individual-level perceptions (i.e. what employees think about ethics, compliance or risk) and to delve into a specific case or a topic of interest. This method collects information directly from employees, so there is a risk of reluctance to speak up. Interestingly, a virtual work environment seems to help with that: behavioural practitioners say Zoom makes people more comfortable opening up.

- **Surveys** have many limitations, but they are a valuable way of identifying general trends because ethnographies and interviews are very difficult to scale up to larger groups of people. Also, there are ways to make surveys better – for example, factorial surveys that ask respondents to judge various situations (vignettes) may establish causality and minimise the effect of social desirability bias.

- **Desktop review and secondary data** from different sources provide another method. How does the area/subculture you are studying look on paper? Are there any misalignments with the day-to-day reality you see? Whistleblowing reports, risk assessments, and internal audit data all provide additional insights. External sources include customer reviews, and feedback from other 'outsiders'. Also, there is a growing body of research on so-called 'unobtrusive measures', i.e. without the direct elicitation of data from employees.[10]

What is ethnography?

Ethnography is an immersive approach associated with work-floor observations; put simply, it is rather like being a fly on the wall. Ethnography involves observing behaviours in action and taking field notes in real-time. Bronislaw Malinowski, its inventor, became famous for literally setting up a tent in the middle of the villages he was studying.

Step 4

Get granular - zoom in on subcultures

When a behaviour needs to be changed, it is critical to be very specific. The same applies to managing culture.

A very targeted approach can be more beneficial than looking at the whole organisation with a holistic culture assessment. Problems usually lie in the granular rather than in the average.

Culture typically forms among groups of people that have regular interaction, often with a common manager. The more team members interact, the more they tend to develop shared assumptions, values, and behaviours.[11] In large organisations, the climate can vary significantly from one team, location, or even informal social group to another. While some level of homogeneity is expected – based on awareness of the same policies, mission statements, and executive leadership – it is incorrect to assume that culture will be consistent across an organisation. Varying individual perspectives and competing influence from subcultures play a significant role.

Subculture deep-dive audits are done to perform a thorough assessment of culture in a particular subgroup, looking into all elements, from outcomes to behavioural norms and their systemic root causes. Possible tools for this method include ethnographies, an immersive approach associated with work-floor observations, and semi-structured interviews and confidential conversations.

### Why culture surveys do not always work

Culture and engagement surveys are valuable instruments, but they are insufficient to provide all the insight you need: many behavioural risks are not related to things you can measure with a survey. Also, people answering surveys are affected by the subcultures they are embedded in.

As ethical culture worsens, surveys become less reliable due to pressures and normalisation of poor behaviour. In environments with low psychological safety, employees may not speak out for fear of repercussions, or unethical behaviour may have become so normalised that employees might not see any problems at all. Either way, nothing will come up in a survey.

That said, surveys help generalise observations to larger populations. Even in cases where a survey is of some use, it is essential to keep in mind that it is a data set that needs to be understood within other data sets. So, you will need to use mixed methods, compare and triangulate.

Think of an iceberg

This is what a company-wide culture survey vs a subculture deep-dive looks like
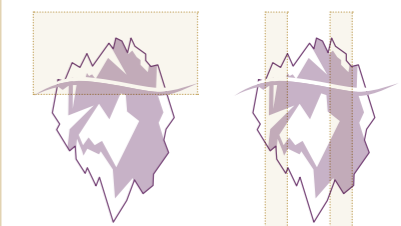
Step **5**

Create your company's behavioural risk map

In broad terms, there are two approaches to a BRA: bottom-up and top-down.

The **bottom-up approach** allows you to look at what employees are doing versus what leaders think they are doing. It is a great way to ground management overconfidence and the "we are already ethical" thinking often widespread among leadership teams.

The **top-down approach**, on the contrary, looks at the employee lifecycle, HR decisions such as incentives, performance management, promotions, and how these have been made.

Before drawing any conclusions, all quantitative and qualitative inputs need to be analysed and triangulated to identify any common themes indicating behavioural risks that will need to be addressed. The data collected should then be connected to behavioural theory to arrive at evidence-based red flags and recommendations to management.

There are several options to communicate the results of the BRA. Formal written reports are not necessarily the best

way to share observations. Other tools may be more suited for the task, including culture dashboards, holding up the mirror workshops, or internal audit opinion papers. Before formally distributing the results it is helpful to socialise the outcomes with subject matter experts and senior leaders knowledgeable of the scope but not directly involved in the risk assessment to allow for an objective feedback loop.

Looking at subcultures and risk hotspots one by one, you ultimately arrive at a behavioural risk map of the organisation. The map looks similar to the 'heat map' that your organisation probably already has for other types of risk. You can add behavioural risks to the general heat map or present them separately. In any case, this is an impactful way to share your findings with the board and/or senior management.

Such a map can then be used to guide the risk mitigating efforts: development of training programmes, working with social norms and re-designing business processes. With this, the BRA is officially completed - it's time to start crafting interventions!

FIGURE 3
Behavioural risk map

| LOW | MEDIUM | HIGH | VERY HIGH |

SUBCULTURE/ENTITY	BEHAVIOUR A			
	DRIVER A	DRIVER B	DRIVER C	BEHAVIOURAL RISK
DEPARTMENT A	LOW	MEDIUM	MEDIUM	HIGH
DEPARTMENT B	MEDIUM	LOW	LOW	MEDIUM
DEPARTMENT C	LOW	VERY HIGH	MEDIUM	VERY HIGH

BEHAVIOURAL RISK INTERVENTIONS

Now that you have insight into your organisation's behavioural risk hot spots, behaviours, and their underlying drivers, it is time to explore behavioural interventions.

This section covers steps 6-10 and provides advice, tactics and tools to mitigate identified risks by changing behaviours.

Begin by adopting an experimental mindset...

Step 6

Start small and be prepared to fail

Human behaviour is very complex – many factors influence our decisions, big and small. Now think about an average organisation: a super-complex nonlinear system; a massive interplay between various group norms, behaviours and underlying drivers.

Because of this complexity, it is advisable to be very specific about the targeted behaviour. You need to start by making small changes and carefully monitoring the impact they make. Working with behaviours is an experimental, trial-and-error approach with no point-and-click solutions.

Some interventions might not work, either because they don't change the targeted behaviour at all or because they change it in a way you had not intended. At the same time, be careful to protect the 'good' norms and behaviours that you want to retain – they may disappear or change if you wrongfoot your intervention or go too big, too soon. Be wary and take baby steps.

To add another level of complexity, behavioural risk is very context specific. It means that what works for one team or location might not work for another. Replications and extrapolations may be ineffective. As highlighted previously, a very targeted subculture approach proves to be beneficial.

The good news is that, when you have everything right, even tiny and seemingly simplistic interventions can be very effective. Positively influencing people's choices, even small ones, can have a cumulative effect on decisions and, ultimately, organisational outcomes.

How to secure leadership buy-in?

Experimenting with an E&C programme may sound risky to most executives, but finding someone from the leadership team who is on board with this is critical for intervention success. In the banking sector, where the behavioural approach recently gained a lot of traction, this tends to be the Chief Risk Officer or the Chief Audit Executive.

Strong arguments for securing buy-in:

- "Testing out interventions is like launching an innovative product or solution – you never know, for sure, how well they will do 'out there' in the real world"

- "Unlike other innovations, the incremental cost of implementing a behavioural intervention is limited – there is no need to spend a fortune to try it"

- "The results may surprise you disproportionately – small things like changing the wording and layout of an email communication can sometimes make a big difference"

"Two major hurdles continue to exist, [...] obstructing widescale adoption of experiments aimed at [...] compliance procedures and controls: a continuing hope that adopting "best practices" will work, paired with a fear about how the results of this experimental testing may be used against the organisation." [13]
Brandon Garrett and Gregory Mitchell, professors of Law

Step 7

Select the right type of intervention

There are a rich variety of behavioural interventions, so selecting the right one (as opposed to the most popular ones) can be challenging.

The key here is to have strong insight into the drivers of the targeted behaviour. Some drivers will matter more than others – focusing on these is your optimal path to behavioural change.

To better understand this, it is helpful to distinguish between individual level (" i-frame" or i-level) and systems-level ("s -frame" or s-level) interventions.

What's a nudge?

The concept of the 'nudge' was popularised by the Nobel laureate Richard H. Thaler and Cass R. Sunstein in their book "Nudge: Improving Decisions About Health, Wealth, and Happiness." A nudge is any aspect of choice architecture that alters people's behaviour in a predictable way. Making the desired behaviour a default is probably the most frequently used nudge.

Fixing cognitive biases, excessive self-interest, and other human failings with nudges falls under the category of i-level solutions, whereas bigger process or policy changes belong on the systems level.
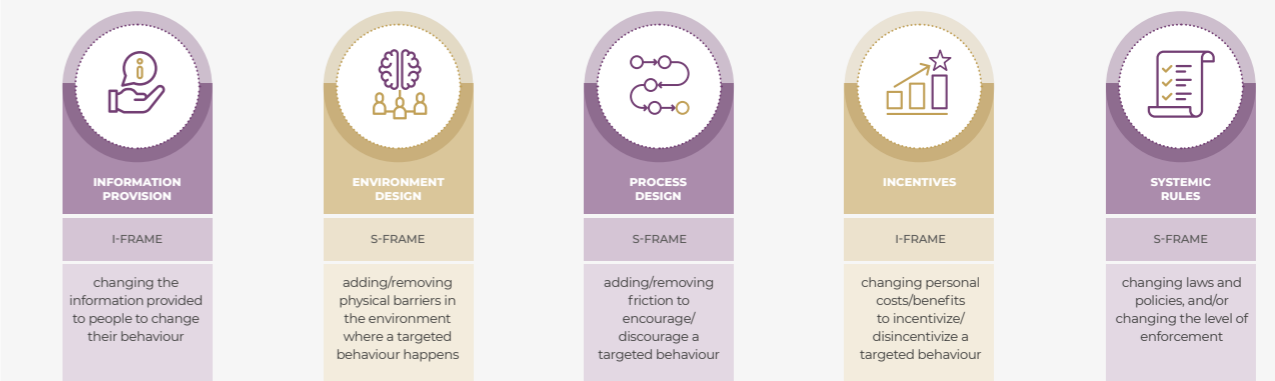
Over the last two decades, there has been growing enthusiasm among academics and governments for using nudges to solve society's most pressing problems, including climate change, obesity, and crime. But the real impact of these interventions has been modest and worn off quickly.

However cheap, easy to implement, politically uncontroversial – and, therefore, tempting – individual-level solutions are, they will not solve systemic problems.

Translating this into E&C language, we come to the well-known "bad apple vs bad barrel" argument: workplace culture is key in shaping employee behaviour. So, you need to focus on interventions that work on the level of systemic rules, processes, groups in which employees operate, and the extended environment.

Once the structural change is in place, nudges are helpful to make sure new behaviours stick.

FIGURE 4
Key types of interventions

INFORMATION PROVISION	ENVIRONMENT DESIGN	PROCESS DESIGN	INCENTIVES	SYSTEMIC RULES
I-FRAME	S-FRAME	S-FRAME	I-FRAME	S-FRAME
changing the information provided to people to change their behaviour	adding/removing physical barriers in the environment where a targeted behaviour happens	adding/removing friction to encourage/ discourage a targeted behaviour	changing personal costs/benefits to incentivize/ disincentivize a targeted behaviour	changing laws and policies, and/or changing the level of enforcement

Step 8

Diagnose, measure and change social norms

Many risky behaviours undertaken by an individual are driven by the social norms around them – within their team and organisation, and sometimes by their industry more widely.

Behavioural change interventions based on social norms are proven to work as a low-cost yet effective way of transforming behaviour. However, to tap into their power and reduce misconduct, it is critical to understand the social meaning of norms, and what is driving them. Having clarity on this allows you to set up the interventions that work.

Specifically, the approach will be effective only if the norms at play are indeed fuelling and incentivising unwanted behaviours. To take a very clear example by way of explaining this: an employee will be more likely to

pay/accept a bribe if everyone around them is doing it too. Therefore, the first essential step is to justify the relevance of social norms to the targeted behaviour and its context.

Ethical failures are characterised by the emergence of descriptive norms that are at odds with injunctive norms. As people become part of and identify with the groups responsible for the unwanted behaviour, they tend to condone and embrace these descriptive norms – and, at the most extreme end, to start justifying behaviour they may have previously considered to be completely unethical.

Start with a careful diagnosis of the social norms at play, by analysing the different drivers influencing the behaviour of the targeted employee(s) to create their 'mind map'. Place the person and the unwanted behaviour at the centre, and start thinking of related factors, rationalisations, and pressures that contribute to that behaviour, and how these may be connected. With that, you are in a better position to craft the messages – and select the messengers – that will have the strongest impact when you intervene.

WATCH THE VIDEO:

See how far your brain can go to follow the group and its extreme norms with this amazing video experiment:

Key definitions

Social norms are the informal rules, shared by people in a given society or group, that define what is considered 'normal' and appropriate. They are driven by the beliefs we hold about what other people in the group think and expect, and, in turn, guide how we behave.

Reference group are the people whose opinions, expectations, and behaviours matter the most to us.

Descriptive norms are what we believe others do.

Injunctive norms are what we think others approve or disapprove of.

FIGURE 5
A sample mind map of a corrupt procurement manager

- Celebrating rich and wealthy
- Following orders of higher-ups
- Honoring reciprocity norms
- Peer pressure
- **INJUNCTIVE NORMS/ BROADER CONTEXT**
- **INJUNCTIVE NORMS/JOB-SPECIFIC**
- Family pressures
- Seeking status and respect
- PROCUREMENT MANAGER
- **DESCRIPRIVE NORMS**
- "I take bribes because everybody does it"

Behavioural interventions and your ABC programme

Anti-corruption compliance is arguably one of the most pressing issues for many, if not all, E&C practitioners. How can behavioural science help us make Anti-Bribery and Corruption (ABC) compliance programmes more effective? And what are the best interventions to use?

Here below are a few helpful pointers that you can start applying straight away. Remember that i-frame and s-frame interventions should go hand in hand for maximum impact.

Identifiable victim effect – At ABC training sessions, we talk a lot about corruption risks and the potential negative consequences of unethical decisions. How about we focus on the real victims of corruption instead? People are more likely to listen and sympathise with real people than abstract statements. Show a clear example of how an actual person can be negatively impacted by corrupt practices – or positively impacted by the organisation not being corrupt.

Hot/cold emotional states – People commonly underestimate how much emotions, stress, anxiety, and other intense feelings can affect their future judgement. The solution? Plan and rehearse when you are in a 'cold' state how you will act when you feel under pressure, i.e. in a future 'hot' state. Write the scripts, and invite employees to practise at training sessions. By doing this, they build moral muscle memory and start to 'automate' ethical decisions, bringing emotions down.

Optimism bias – We humans are overly optimistic when it comes to making estimates about ourselves. People often believe that bad things – e.g. getting caught – are more likely to happen to other people than to them. Confronting this with objective stats can help keep this bias in check.

Well-intended red tape – Friction works both ways. You can reduce friction and make wanted behaviours a default, or at least easier to follow than others. This is a classic nudge. You can add friction to discourage unwanted behaviours and

make them difficult. Behavioural scientists call it sludge, the opposite of a nudge. How easy can employees in your organisation get cash for travel and expenses? Try adding some sludge, the additional process steps and necessary approvals, to discourage cash requests altogether.

Anti-Corruption messages – One of the ways to tap into social norms that fuel corrupt practices is to let employees know that most of their peers do not engage in corruption. This technique is also known as the 'majority norm' message which can look like this: "Most of us working in Company A think it's right to call someone out for taking bribes, and 86 percent say they themselves would intervene if they saw corrupt behaviour in action." The diagnosis phase discussed in the previous step is key to making sure that you make the best choices about messengers (the person or people who deliver the message); the messages (what is delivered); and the delivery channels (the way it is delivered). This will help ensure that your message resonates as highly as possible with the group and the behaviour you are targeting.

What drives criminal behaviour?

A criminal act is an outcome of a particular person in a particular setting. People's propensity to commit a crime and the setting's criminogenity vary. The worst-case scenario is when crime-prone people find themselves in criminogenic settings. Avoiding that is the best strategy to reduce crime.

Test and scale up interventions that work

Lastly, how can we now look at putting behavioural interventions to work?

The theory of change says people will only change and adopt new behaviours if they think it will be both natural and easy for them to do so, and if it fits within the social norms of what they see around them. This gives you an idea of the key points you would need to address when implementing your intervention:

- First, create a sense of urgency when setting up and executing an intervention, so all members of the team understand that change is necessary and unavoidable. Illustrate clearly why the current behaviour is unwanted or problematic. Kick start the change process by getting the team together for an open conversation, led by the manager.

- Second, the team needs to take ownership of the identified behavioural risks – this is a crucial part of their motivation for change. Led by the manager, team members "learn the way to solve the problem and find the solution." Everyone should have clarity on what is the new desired standard of behaviour, and what will be required to achieve it.

- Third, a good way to convey the new behaviour as a common thing to do is to have the team leader actually demonstrate and practise it first – leading by example, in essence.

Behavioural change cannot be achieved by attending an hour-long training session, although it is always a good starting point. Changing behaviours requires a series of subsequent nudges and other reinforcing experiences stretched over weeks or even months after the initiation stage. A well-designed programme for sustainable behavioural change provides for the touchpoints over time that help reinforce the behavioural intent.

In conclusion, it is considered best practice in behavioural science to test your intervention in a control trial. In a corporate setting, this can be done as a pilot programme with Team A going through the behavioural change project, and Team B operating as before.

When the pilot proves successful, and effectiveness has been measured, it can be scaled up to other teams or business units and widespread behavioural change can start to take place.

FIGURE 6
A sample effectiveness measurement graph
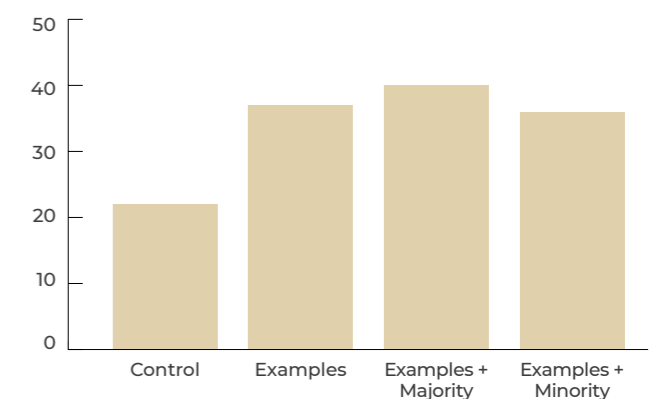
Resource

Learn more about our project on fostering speak-up culture with behavioural interventions from our White Paper **"Encouraging Active Bystanding In Post-Covid Work World"**
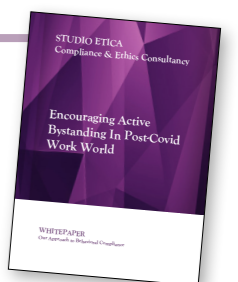
FOOTNOTES

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2 Lewin, K. (1951). Field theory in social science. Harper, New York.

3 Financial Conduct Authority, (2022). Finalised Guidance FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty, paragraph 10.6.

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5 US Sentencing Commission (2018). The Federal Sentencing Guidelines, section B2.1

6 US DOJ, Criminal Division (2023). Evaluation of Corporate Compliance Programs, p. 16.

7 An independent Committee at the Chartered Institute of Internal Auditors (2021).The UK Internal Audit Financial Services Code of Practice. Monetary Authority of Singapore (2020). Information Paper: Culture and Conduct Practices of Financial Institutions. APRA(2017). Prudential Standard CPS220: Risk Management.

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9 Van Rooij, B. and Fine, A. (2018). Toxic Corporate Culture: Assessing Organizational Processes of Deviancy. Adm. Sci. 8(3), 23, p. 9.

10 For example, see the paper on the language pattern analysis of Glassdoor employee reviews as an indicator of corporate misconduct risk, which recently made headlines: Campbell D. W., Shang R.(2022). Tone at the Bottom: Measuring Corporate Misconduct Risk from the Text of Employee Reviews. Management Science, Volume 68, Issue 9, Pages 6355-7064, iii-iv.

11 Arzadon E., Du Preez R., and Sheedy E. (2021). Auditing Risk Culture: A Practical Guide. The Institute of Internal Auditors, Australia, p.6.

12 New York Federal Reserve (2021). Web Series on Culture: Culture Diagnosis and Behavior Change—Learnings from the Field. Available online: https://www.newyorkfed.org/newsevents/events/regional_outreach/2021/0927-2021.

13 Garrett B. and Mitchell G. (2022). Overcoming Hope and Fear in Compliance Practices. Published in "Culture & Conduct Risk in the Banking Sector: Why it matters and what the industry is doing to address it", Starling Trust Sciences LLC.

ADDITIONAL RESOURCES

Books

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Studio Etica's WhitePapers

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From Theory to Practice: Applying Behavioral Insights to E&C Programs

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ABOUT STUDIO ETICA

Studio Etica is a boutique consultancy that provides advice on corporate E&C programmes to companies worldwide. We are dedicated to working with our clients to design, maintain and optimise world-class programmes with a focus on a strong, values-based culture. **Studio Etica** focuses on helping organisations achieve cultural transformations that not only drive legal compliance but lead to enhanced integrity and positive behavioural change. We are convinced that ethical culture is central to a meaningful compliance programme that delivers actual results.
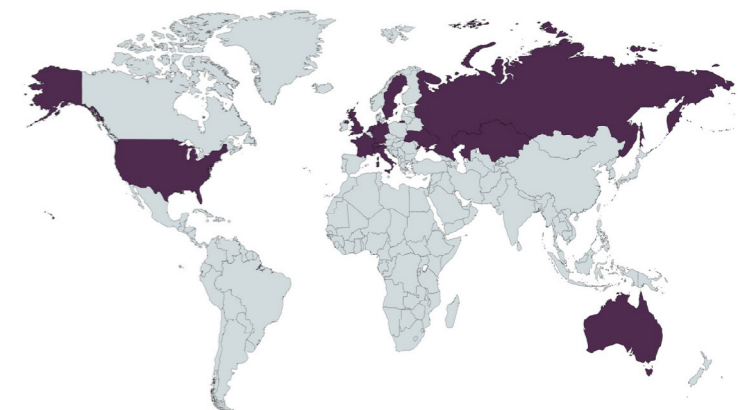
ABOUT THE AUTHOR

Vera Cherepanova, a former Regional Compliance Officer and author of "Corporate Compliance Program," is the founder of Studio Etica. Vera's background includes working on the ground in Eastern Europe, CIS, and Russia, one of the key emerging markets. Taking her experience in addressing cross-cultural challenges of ethics and compliance, Vera currently consults with international corporations, non-profits, wholesale and retail establishments, and small-to-large businesses, advising them on E&C programmes.

Vera is an experienced speaker in the compliance profession and a regular contributor to prominent E&C blogs, including FCPA Blog, Corporate Compliance Insights, and SCCE Compliance & Ethics Blog. An accomplished compliance professional, in 2011 and 2016 awarded "Best Compliance officer" at the International Compliance Association in Compliance Awards. Vera speaks Russian, English, French, and Italian.

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