Incentivising desired risk behaviours in a modern workplace

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Agenda

1. **Theory: Risk culture, motivation and psychological needs – Alicja Nocon**

2. **Practice: Successful comms strategy in a modern workplace – Megan Ferguson**

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Incentivising desired risk behaviours in a modern workplace

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Risk culture

"The way an organization demonstrates through its actions and accepted behaviours its shared beliefs, values, and understanding of how it regards and manages risk in the course of achieving its business objectives. Risk culture is a sub-set or complement to organizational culture."
– The CRO Forum

Beliefs, values and risk understanding

↓

Motivation

↓

Actions and behaviours

Source: CRO-Forum-A-Guide-to-Defining-Embedding-and-Managing-Risk-Culture

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Risk culture, business strategy and incentives

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Business strategy  ➡  Incentives
                            ↕ Aligned?
Actions and  ⬅  Motivation  ⬅  Beliefs, values and
behaviours                       risk understanding
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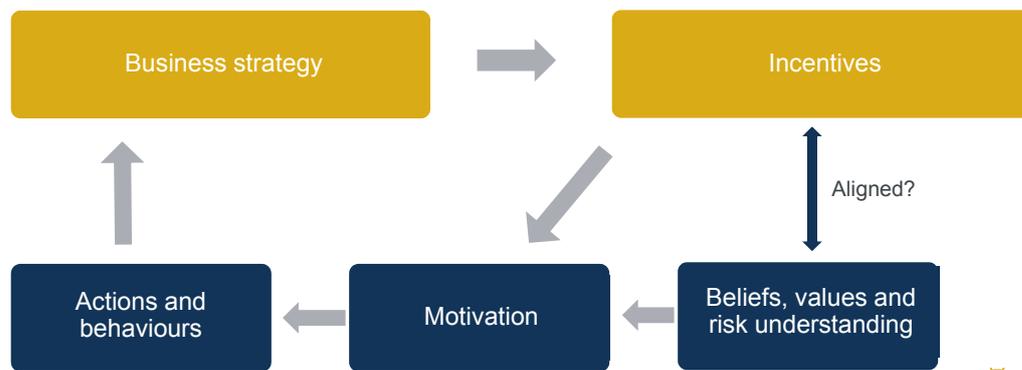
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"Money is not the only answer, but it makes a difference."

Barack Obama

Financial incentives

Money matters – up to a point

Daniel Kahneman and Angus Deaton (2010):

- Does money buy happiness?

- Beyond about $75,000/year, there is <u>no improvement whatever in emotional well-being</u>

- Emotional-wellbeing: quality of an individual's everyday experience: the frequency and intensity of experiences of joy, stress, sadness, anger, and affection that make one's life pleasant or unpleasant

Source: https://www.pnas.org/content/107/38/16489
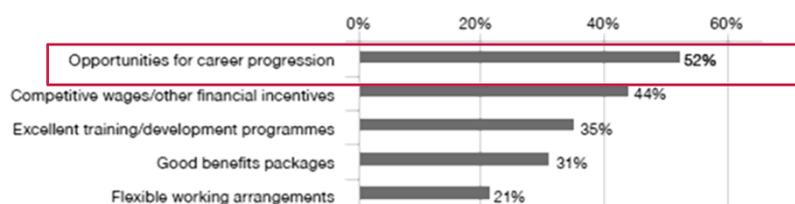
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Financial incentives

Money matters – but is not everything

PwC Millennials at Work Report:

- The biggest draw for millennials: Opportunities for progression

Which of the following things do you believe make an organisation an attractive employer

	0%	20%	40%	60%
Opportunities for career progression				52%
Competitive wages/other financial incentives			44%	
Excellent training/development programmes		35%		
Good benefits packages		31%		
Flexible working arrangements	21%			

(Showing top 5 results only)

Source: https://www.pwc.com/co/es/publicaciones/assets/millennials-at-work.pdf

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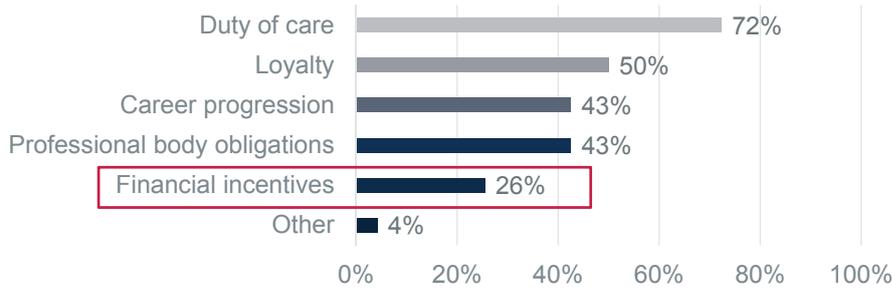
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Motivating factors within Munich Re UK & Ireland (Life & Health branch)

What motivates you to act in the best interest of the company?

Factor	Percentage
Duty of care	72%
Loyalty	50%
Career progression	43%
Professional body obligations	43%
Financial incentives	26%
Other	4%

Source: 2018 Risk Conduct Survey, Munich Re Life & Health branch

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Motivation types

Motivation

Intrinsic (Internal)

Extrinsic (External)

What do I enjoy doing? / What is my purpose?

What do I have to do in order to get… / avoid…?
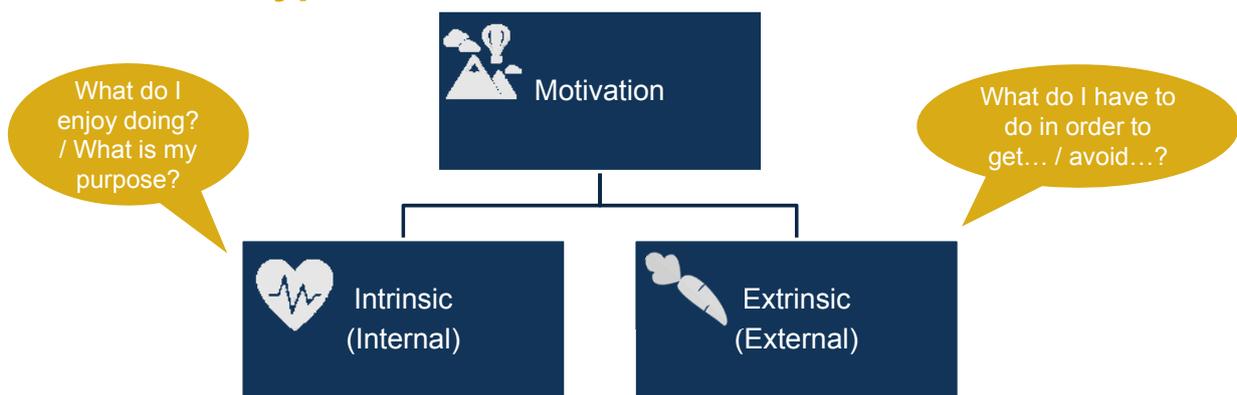
Intrinsic motivation shown to be a stronger driver of behaviour than the extrinsic one

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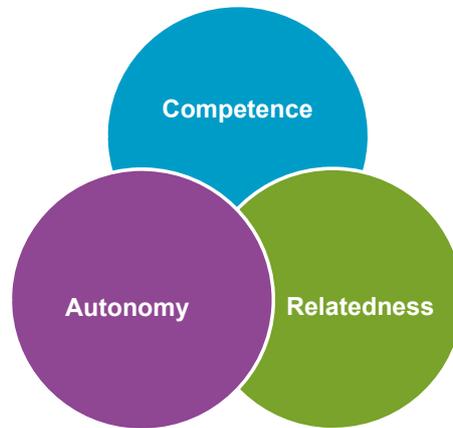Institute and Faculty of Actuaries

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Intrinsic motivation: What makes people self-motivate?

Edward Deci and Richard Ryan (2000):

Self-determination theory

- Three psychological needs motivate the self to initiate behaviour
- Universal across time, gender and culture and innate
- Associated with greater health, wellbeing and performance

Competence

Autonomy

Relatedness

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Source: https://www.ncbi.nlm.nih.gov/pubmed/11392867

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"Train people well enough so they can leave. Treat them well enough so they don't want to."

Richard Branson

Need for competence

Competence: Need to be effective in dealing with environment		
When met	• Confident in own ability, able to justify decisions, enjoy providing / receiving challenge	→ Indicators of a good risk culture
	• Seek more knowledge and further learning	
How to measure	• Training take-up rate (beyond mandatory)	
	• Promotion / internal rotation / retention / absence rate	
How to foster	• Provide feedback, training and opportunities for growth	→ Organisational culture
	• Promote mental wellbeing	

Risk culture influenced by the organisational culture

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"Control leads to compliance; autonomy leads to engagement."

Daniel Pink

Need for autonomy

Autonomy: Need to control the course of one's life		
When met	• Free to make decisions, feel accountable • Self-aware and acts in harmony with own values, likely to speak out	→ Indicators of a good risk culture
How to measure	• Staff feedback (staff survey, exit interviews) • Frequency of "one-to-one" and prioritisation meetings	
How to foster	• Empower / provide task autonomy • Encourage coaching and discourage micro-management	→ Organisational culture

Risk culture influenced by the organisational culture

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"Great things in business are never done by one person. They're done by a team of people."

Steve Jobs

Need for relatedness

Relatedness: Need to have close relationships with others		
When met	• Feel connection with and care for others • Exchange information • Aware and understand the wider impact of own actions	→ Indicators of a good risk culture
How to measure	• Attendance at events (formal and informal) • Risk event analysis, audit findings	
How to foster	• Create <u>inclusive</u> work environment and events • Communicate the shared values and purpose	→ Organisational culture

Risk culture influenced by the organisational culture

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Conclusions so far…

• Traditional **"carrot and stick"** incentives – good baseline but focuses on the extrinsic motivation alone

• Intrinsic motivation – a stronger driver of behaviour than the extrinsic one

• **Competence, autonomy** and **relatedness** – universal needs that tap into the intrinsic motivation

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Case study: Improving relatedness in a modern workplace

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How do we improve relatedness and make an inclusive environment?

We know that relatedness is met when employees:

• Feel connection with and care for others

• Exchange information

• Are aware and understand the wider impact of own actions

In a traditional office it's easier to create relatedness.

However our workforce and ways of working has been changing, it is more diverse so it's harder to create an inclusive workforce.

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The environment

Previously	Now
• People stayed at their jobs longer – know your local colleagues well • Limited connection with colleagues globally – need to know fewer people • Everyone working in the office • Work is done in the office	• People tend to change jobs more often • Connected with global colleagues through mobile devices • Working from home • Work can be taken home, can be hard to switch off

We've been making change for more flexibility and mobility, however it's easier than ever to become distracted!

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Humans vs goldfish

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Email

•269 billion emails were reportedly sent and received per day in 2017, and that number is estimated to grow to over 333 billion in 2022.

The average employee spends 28 percent of their work week on email

There is an expectation for an instant response in email

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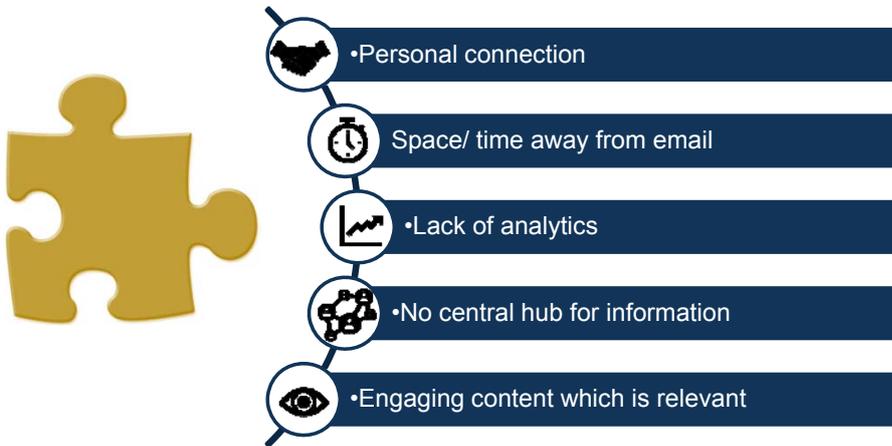
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Why email is bad

People use emails for most communication, however:

- We are being bombarded with irrelevant emails

- Relevant emails are being lost within the void of other emails

- It can be hard to focus and sift through all these

- Can be very distracting getting emails through constantly when trying to focus

- Can forget to connect with people in person

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What are we missing out on?

- •Personal connection
- Space/ time away from email
- •Lack of analytics
- •No central hub for information
- •Engaging content which is relevant

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Objectives

- •To increase branch engagement

- To create central hub for content

- To be able to monitor engagement

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No man is an island

Communication from the top

Personal connection

Knowledge sharing

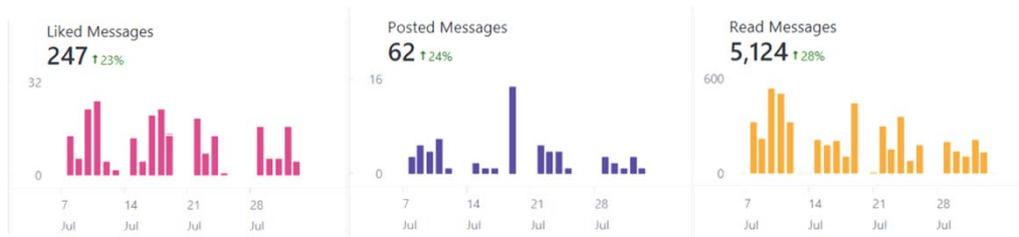13 March, 2019

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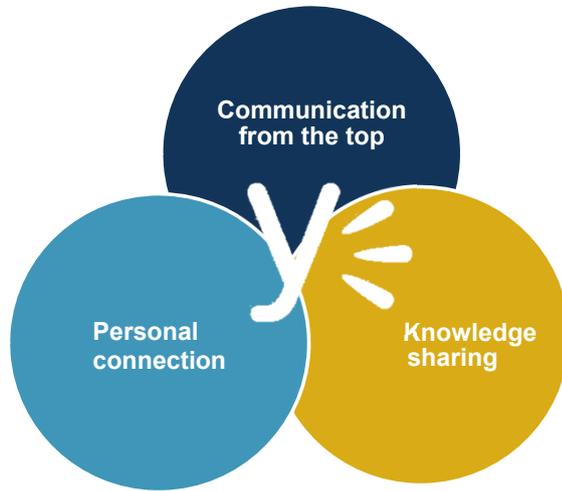
The benefits of Yammer

- No email impact
- Easy to engage – Comment, like and share
- Analytics

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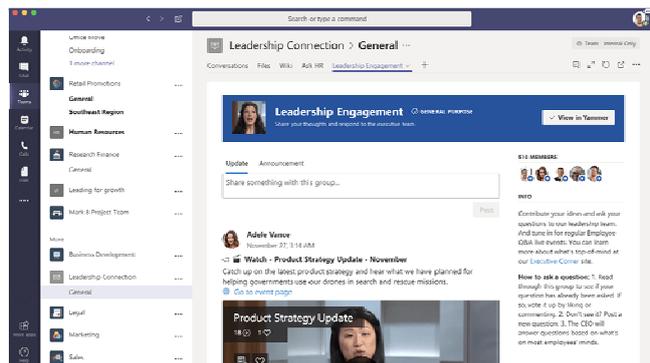
How is Yammer used?

- Central hub for all content and communication platforms
- Sharing good news and celebrating successes
- Key milestones in projects
- Event photos
- Exam passes/ congratulations

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Yammer analytics

Liked Messages	**Posted Messages**	**Read Messages**
247 ↑23%	62 ↑24%	5,124 ↑28%

Active People
113

People Who Posted Messages

People Who Read Messages

People Who Liked Messages

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Feedback from Yammer

The combination of these initiatives is beneficial to the overall dissemination of key information around the branch. Individually they would be helpful but with all the elements working together with some element of message management it helps to reinforce understanding.

There's a sense of collaboration and all working towards the same goals

I feel that we are building a much healthier and happier (less inhibited) working environment within UKLB.

The information is there for all to read and there is then responsibility on the individual to take it from there.

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Reflection on Yammer

Successes
- Yammer is used widely within the branch
- Tailored/ engaging content
- No email impact

Challenges
- Resistance to change
- Unsuccessful on first launch

Learnings
- Training needs to be provided
- More engagement when moved away from email

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Communication from the top
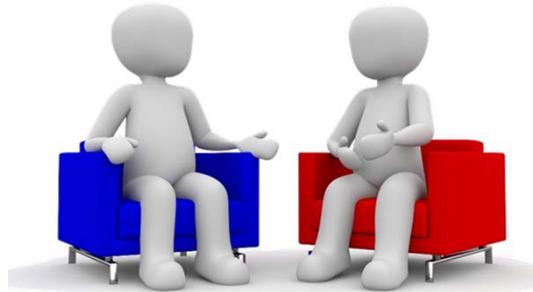
Staff briefings

- Executive members present on their area of the business
- Formal format

Ask the ExCo

- Held after the staff briefing
- Informal setting/ format

Weekly updates from the CEO

- What is going on in the branch
- CEO focus for the week
- Quote of the week

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Feedback from communication from the top

Helps introduce people across levels of seniority. Allows questions and challenge

Staff felt comfortable asking questions and the very transparent and honest answers

I appreciate these sessions and the atmosphere of openness at them.

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Knowledge sharing

Stand ups

- Informal format
- Successes and learns from projects
- 5 – 6 per month on average

Lunch and learns

- Informal format
- Once every 2 months on average

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Personal connection

Events

- Team days out
- Branch wide activities

Getting to know

- Informal interview with colleagues
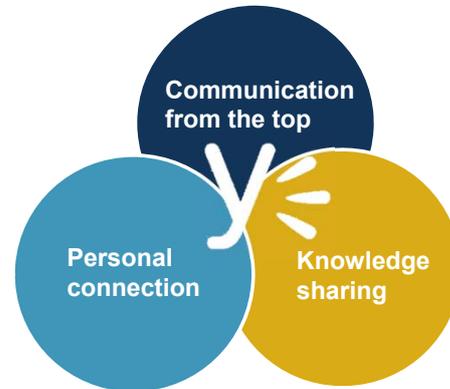
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Reflection on the objectives

- •To increase branch engagement

- To create central hub for content

- To be able to monitor engagement

Communication from the top

Personal connection

Knowledge sharing

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Key takeaways

1. Create a work environment in which the three psychological needs of **Competence**, **Autonomy** and **Relatedness** are met. This will lead to:

   ✓ Better risk culture

   ✓ Better employee health, wellbeing and performance

2. Improve **Relatedness** in a modern workplace:

   ✓ Constantly reassess the environment and adapt communications channels appropriately

   ✓ Move away from email!

   ✓ A successful comms strategy will use different channels to support with a central hub

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Questions

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