

Understanding human behaviour: the key to good business, effective regulation and a better society

By Perrin Carey

Our brains have changed little in 20,000 years;
Our environment has changed beyond recognition;
Our behavioural and decision drivers are fundamentally evolutionary; and
Our organisations develop cultures and they are connected to the behaviours of humans.

Our regulation of organisations, therefore, has to consider these factors to be effective.

If we are to nurture a world where humans and humanity are central to our decision-making, where the societies within which we live move towards true equanimity, we have to alter course, we have to begin to truly understand the interconnections between our inherent humanism, the community we wish to create and the drivers of our decisions and behaviours.

The Office of the Data Protection Authority's, Project Bijou, is a powerful and beautiful social and regulatory initiative designed to effect cultural and behavioural change with the objective of minimising data harm.

I applaud it.

Why human behaviour

It was a Wednesday afternoon, I know this because our compliance meetings were always on Wednesdays. We had gathered to discuss a particular failure in controls. The meeting proceeded as normal, as we reviewed our procedures and considered the reasons for the breakdown. One member of staff had stepped completely outside the requirements of the well-documented process and we were all completely perplexed, as there seemed no logical reason for his decision. He had been trained. He was aware. He was normally very conscientious. There simply seemed no explanation.

Then one of my team members, tentatively asked, "Has anyone heard of Brené Brown?"

What transpired next and the revolutionary and evolutionary cascade that reshaped our entire compliance methodology, was fuelled by this seemingly innocuous question.

Brown's work has been hugely influential on the world. A social worker by profession, her TEDx Talk in 2010¹ was the beginning of her journey to becoming a globally recognised expert in leadership and human behaviour, specifically within organisations.

"There's probably not a single act at work that requires more vulnerability than holding people responsible for ethics and values, especially when you're alone with it or there's a lot of money, power or influence at stake." - Brené Brown, Dare to Lead, 2018²

Having worked in governance and compliance for almost 20-years, I have spent copious amounts of my time developing frameworks, policy documents, processes and of course controls – all in the vein of mitigating regulatory risk and uplifting compliance. Of course, the core issue here is not 'compliance', but 'doing the right thing'.

Legislative and regulatory requirements are often, if not always, born out of failure. The failure of human-beings to do the right thing. This might be because of ignorance, or willingness, but what has

¹ Brown, 2010. The Power of Vulnerability. https://www.ted.com/talks/brene_brown_the_power_of_vulnerability?language=en

² Brown, 2018. Dare to lead. Vermilion. London

emerged consistently in my work is the emotional and evolutionary drivers of our decisions and behaviours and how it is these that could be the most common reason for 'non-compliance'.

This is of significant relevance to regulators and the focus of Project Bijou.

Making sense...

We are not in control of our decision-making.

We haven't been, ever.

All our decisions are actually made in our limbic brain, not in our cerebral cortex. There is a very broad consensus of this from the neurobiological research. [If you feel inclined these are some of the authors who have looked at this in review papers, Collins and Frank, 2014³ and Dunovan & Verstynen, 2016⁴.] They conclude that as humans, we learn over time from dopamine neuromodulation, as it selects those actions which maximize reward and minimize negative outcomes.

We think that our decisions are made through reasoning...*hummm*.

To think we are the CEOs of our minds, is an illusion. It's a narrative that we tell ourselves. Probably because it supports our *ego* and our need to make sense of the world. The work by Verbeten, 2011⁵ and Seese and Haven, 2014⁶ have begun to document the importance of 'story' and the narrative that supports our view of the world. This is a strong influencer of our decisions and why the 'story-telling' element to Project Bijou is so important and revolutionary in the regulatory space.

What Verbeten found was that human brains have been evolutionarily hardwired to think in specific story terms to make sense of the world.

"That's why stories are so profoundly powerful. The form and architecture of effective stories matches the informational needs of the neural wiring we use to understand and to make sense of the world." Verbeten, 2011 p2

Seese and Haven have been dominant researchers in the area of storytelling and human neuroscience and biochemistry. They propose a model of how a story is adopted by humans and how one of the elements is something they refer to as the 'Make Sense Mandate'. This is central to how we perceive the world around us and consequently navigate it through our decision-making.

We have to 'make sense of the world', it's an evolutionary need, and if we can't make sense with the information we have, we will make it up.

So, if we can shape the story, why not make the narrative we want through the stories we tell. This is one of the objectives of Project Bijou.

Decisions, decisions

³ Collins, A. G., & Frank, M. J. (2014). Opponent actor learning (OpAL): modeling interactive effects of striatal dopamine on reinforcement learning and choice incentive. *Psychological review*, 121(3), 337.

⁴ Dunovan, K., & Verstynen, T. (2016). Believer-Skeptic meets Actor-Critic: Rethinking the role of basal ganglia pathways during decision-making and reinforcement learning. *Frontiers in neuroscience*, 10, 106.

⁵ Verbeten, S. (2011). *The Journal of the Association for Library Service to Children*, Vol. 9, No. 3.

<https://journals.ala.org/index.php/cal/article/viewFile/47/22#page=23> [Accessed 12 February 2020]

⁶ Seese, G. and Haven, K., 2015. The neuroscience of influential strategic narratives and storylines. *IO Sphere, Fall*, pp.33-38.

Our choices are driven by subliminal, biological processes, largely, if not exclusively from our evolutionary need to survive. The thinking, deliberating and cognitive cortex is a very recent developing addition to our human brain and its processing.

In reality, not a moment goes by when our limbic or sometimes referred to as 'reptilian' part of our brain is not conferring and influencing our decisions. This is not psychological, this is biological.

We make decisions almost continuously.

As I suggest and the research supports, most of the decisions we make are in fact unconscious. We do not realise we are making them. Sometimes, even those that appear to be deliberate and intentional, have subliminal influences and biases attached to them⁷.

This is why, when asked, many governance experts, regulators and academics will call out 'decision-making' to be at the core of how organisations steer themselves.

Run a search on 'google scholar' with both governance and decision-making and it would be hard to see any way of separating them. They have become almost synonymous.

There is a broad consensus⁸ that the basal ganglia, part of the limbic system, is critical in helping to select actions. This makes sense if we believe the important role that narrative plays in us making sense of the world around us. It is the need for survival that dominates this part of our brain.

"By learning over time from dopamine neuromodulation, it [the basal ganglia] selects those actions which maximize reward and minimize negative outcomes." Herd et al., 2019 p1

We like to believe that we are rational, highly cognitive beings; that we carefully consider the information before us and make decisions accordingly.

However, as we can begin to see, we are perhaps more likely to make a decision based on how we *feel* about an idea, than the idea itself. This is because as an evolving species, we have only recently developed these cognitive brains and perhaps, rather naively, ignore the strong influence that our primitive brain has on our decision-making.

There is strong scientific evidence and many theories demonstrating that as much as we like to believe our rationality, we struggle to keep our emotional limbic areas of our brain under control when making decisions.

Of course, if our rational thought is not the main driver of our decisions and if we are not careful and don't acknowledge this, we are in danger of making very poor decisions indeed.

Decisions based on the tone of someone's voice,
Decisions based on how we happen to feel about our fellow director, or
Decisions based on how the working environment around us makes us feel.

And we do all this in our subconscious.

⁷ Beach, L.R. and Lipshitz, R., 2017. Why classical decision theory is an inappropriate standard for evaluating and aiding most human decision making. *Decision making in aviation*.

⁸ Herd, S., Krueger, K., Nair, A., Mollick, J. and O'Reilly, R., 2019. Neural mechanisms of human decision-making. *arXiv preprint arXiv:1912.07660*.

According to Adair, 2009⁹,

“The actual moment of decision cannot be studied - we are sometimes not even aware of it” p ix

So, if all this is true, and there is a large body of evidence to suggest it is, the questions remain,

What are you going to do about it and why should you bother?

Well, you should bother because we make an inordinate number of decisions at work every day; how many?

Ten, twenty, a hundred, two hundred?

Do we buy this many widgets?

Does this advert demonstrate our brand?

Which customers are most vulnerable?

How shall we deal with this supplier?

Does this email say what I mean?

Let's say fifty. You have 30 employees.

That's 1500 decisions a day, 30,000 a month and 360,000 a year.

Getting decision-making right is critically important.

Human behaviour drivers and culture within organisations

We are not rational.

We do not reason.

We are emotional beings.

Perhaps these statements are oversimplified and slightly provocative, but they are supported by significant and growing bodies of evidence from behavioural science, psychology and the social sciences. In addition, advances in neurophysiology methodologies, because of the enhancements in Magnetic Resonance Imaging (MRI) techniques, have resulted in a rapid increase in our understanding of how we as humans make decisions and most importantly, perhaps, the influencers.

Project Bijou is inspiring as it seeks to engage with businesses and their cultures through positive and preventative approaches. It is behaviour orientated and rather than 'shaming' organisations, it is clear that it wishes to influence through encouraging both responsibility and accountability within businesses. It wants to address decision-making at a behavioural level, not just through the rigid frameworks of enforcing policies, procedures and controls.

The thing is with decision-making is that there is this direct connection with the elements of organisational culture. One of the simplest definitions of organisational culture I have come across is *“People like us, do things like this”* – Seth Godin.

Beautifully, this begs two fundamental questions:

1. Who are people like us, and

⁹ Adair, J. 2009. Effective Decision-Making. Pan MacMillian.

2. What do we do?

This perhaps doesn't refer to 'what we do' more, 'how do we behave'.

If we go back to the work and research of Brené Brown and others such as Professor Marc Brackett¹⁰ and Dr Susan David¹¹ in the area of organisational culture and psychology, we cannot disconnect our decision-making from these cultural influences; nor can we separate any of these elements from emotional and social influences. It's no surprise, looking at the massive task of this interconnectedness that social and behavioural systems research has adopted the scientific methodology of *Complex Systems*¹² to support its developmental understanding.

What the work of Brown has clearly demonstrated consistently for over 10-years is that there are key known behaviour disruptors, these elements that lead us to react instinctively with unconscious bias rather than respond considerately and with awareness. They are:

Fear,
Self Judgement,
Powerlessness, and
Shame.

The most damaging of these is shame. Shame is one, if not *the* most powerful disruptor of our behaviour as human beings. Brown, 2013¹³ describes shame

"as the intensely painful feeling or experience of believing that we are flawed and therefore unworthy of love and belonging – something we've experienced, done, or failed to do makes us unworthy of connection."

What's interesting is the fact that we often confuse shame and guilt and it's important that we work hard to correct this distinction, because by getting this right we can support true and long-standing behaviour change within businesses. Something that Project Bijou seeks to achieve.

Guilt is a focus on behaviour, "I did something bad", whereas, shame is a focus on self, "I am bad".

According to Brown, "...guilt is adaptive and helpful – it's holding something we've done or failed to do up against our values and feeling psychological discomfort."

This distinction is important, if we are trying to inspire and nurture positive change.

Having worked in many organisations that have tried to create a culture of compliance, it has become increasingly apparent that many leaders and organisations try to do this using shame rather than guilt. What transpires, when we do this, are numerous manifestations within our organisations. These are things such as,

Perfectionism
Discrimination
Favouritism
Bullying
Gossiping

¹⁰ Brackett, M. 2019. Permission to Feel. Quercus. London

¹¹ David, S. 2016. Emotional Agility: Get unstuck, embrace change and thrive. Penguin Books. London.

¹² Lewin, R. Complexity: Life on the edge of chaos. Phoenix. London

¹³ Brown, 2013. Brené Brown.com. <https://brenbrown.com/blog/2013/01/14/shame-v-guilt/>

Blame
Harassment
Cover-ups

When you have a culture with these present, it is very difficult to protect humanity and promote decisions based on ensuring that harm is minimised. Given that 'minimising harm' is one of the core elements of the Project Bijou initiative, it makes sense to address this from a cultural and behavioural perspective.

Bringing all this together

Regulators have an unenviable task. Bringing together multiple expectations and requirements from many different stakeholders is no mean feat. The perception of most is that they are enforcers and it's true that there is an element of that. The ODPa's strategic plan, focusing on *predicting, preventing* and *detecting* harms, and then *enforcing* the rules when harms have occurred, some would rightly argue demonstrates their list of priority; enforcement comes last.

Project Bijou emerged from some amazing research I read and then shared with Emma and her team about the work of Dr Lucy Aplin and the behaviours of Blue Tits. Specifically, the wonderful way in which they were able to adapt to their changing environment and ensure their own survival through the transmission of learning and essentially 'story telling'.

If we want to produce good outcomes and a more human centric society, specifically in the minimisation of data harms, we have to focus on human behaviour. Legislation, policies, procedures and controls, whilst all important, cannot truly change the way we behave. They work when we are not in survival mode, but as soon as we find ourselves in a challenging situations, where our own safety or self-worth is threatened, quite often, these are overridden.

There is a growing acceptance of this from other regulators too, such as the Financial Conduct Authority in the UK. Their work on culture and the discussions they are having with their regulated community over the last 4 years has been ground-breaking; but they acknowledge, it's only just begun.

I congratulate the ODPa on their approach to regulation; it's beautifully human.