Webinar transcript: assessment of culture

Jonathan: Good morning, everyone. My name is **Jonathan Davidson**. I'm Executive Director of Supervision at the FCA. Why I'm here today is because I joined the FCA because I wanted to affect a transformation, if you like, in the financial services world, which ended up with financial services culture being a healthy culture. In a way, work myself out of a job. So as part of that whole programme and that mission, we've been working on providing tools to people who are trying to create healthy cultures in financial services so that they can actually drive that transformation themselves.

Jonathan: This is the fourth of our series of webinars on how to transform culture and what the tools are. One thing I should say before we even get going on the topic of today's webinar is when we talk about transforming culture, we're not just saying you have to have this culture. There isn't a 1 size fits all.

Jonathan: From the FCA point of view, we recognise that your culture, and your firm, and your team is going to be down to you to select what really works for you. That being said, we've concluded that a healthy culture, and I'd say this is not just our conclusion, this is just talking to people across the whole sector, indeed multiple sectors is there is a couple of attributes which are healthy culture shares. One is that it's purposeful. Why is it important that it's purposeful?

Jonathan: Well, I think it's that people don't come to work just to make money. People want to come and feel they're doing something meaningful with their time. Purposeful also helps because it means that you're not just trying to make money. You're more likely to do the right thing. The second attribute that we see in healthy cultures is what we call psychological safety.

Jonathan: That is safety to speak up, in fact, I go a lot further than saying safe to speak up. I'd say it's a listen up culture where everybody is interested in what everybody else has to say. So problems don't occur. They don't get big before someone calls them out or indeed someone says, 'Here's something that's sort of going wrong. It's a mistake but here's a learning opportunity.' So safe has huge advantages. It's a much nicer place to work than one where it's continually about stress and fear and losing my job, and all of those other things that you find in an unsafe culture. So those are the 2 attributes. I think driving that, what we see are some universals, effective leadership, effective governance, which is, all the systems and controls and things that says, 'Here's how you behave in the following circumstances. Here's the trend lines that you should follow when you're running, when your behaviour, the culture is running on rails.'

Jonathan: Then, finally, really strong and effective what we would call people policies. But it's not what's written down. It's how people are incentivised, what really incentivises. That doesn't mean just money. It can be things like empowerment, promotion, all kinds of things. But also what capabilities they have. Because if people don't have the capability to evidence and deliver the behaviour, then they're not going to do it at all. So that is 1 of the drivers of having a healthy culture. You have to have the capability to deliver it.

Jonathan: So that's what we're trying to do overall on the culture space. But why are we actually here today? We want to make the approach to managing culture and management discipline if you like, which is as rigorous and well understood across the whole of financial services as a developing strategy is or analysing market risk.

Jonathan: But how can you do that? How can it be rigorous and robust if you can't measure it? You can't tell whether what you're doing is having any impact. So for example, I see lots of boards preparing dashboards that show the culture. They come up with green, amber, red ratings. But too often, I see the dashboard just showing bright green. Everyone's very happy. Then something happens which is not good. On reflection, everybody decides it was a cultural problem yet the dashboard was showing green. So measuring culture is just really, really hard.

Jonathan: That's why today we're doing a webinar on it. The thing I should mention to those of you who are tuning in to try and understand, is how the FCA's going to measure it. I am very loathe to say this is how I'm going to measure it because I think it will drive a compliance culture, i.e. Everyone will focus on the measure and not the culture. It will become dysfunctional. By the way, when I don't want a compliance culture, I certainly don't want the reverse.

Jonathan: Now, there are lots of interesting and different approaches to measuring culture. There are huge advances in research and technology in behavioural science which are shedding more and more light on it and enabling us to approach this in a more rigorous way. So, the question today in the seminar for all of us is how can you go about measuring culture? Today I'm joined by 2 panellists who have some real in-depth expertise and experience, and I would add wisdom on the topic. It's **Ben Hardy** and **Alison Cottrell** and I'm not going to go through their CVs. I'm going to ask them to introduce themselves. Like me say, why are they here today? So, I'll start with you **Alison**, why are you here?

Alison: **Jonathan**, thank you. As you say, culture is central to good organisations. I'm really looking forward to both learning from **Ben** and hearing the questions that we get later on this. One of the things that we work at the banking standards board, which is the organisation I'm the CEO of is working with banks and that part of the financial services sector, though increasingly outside the sector and outside the UK, to help them manage their culture, raise standards of behaviour and competence in the firms across the sector.

Alison: Now there's always that challenge when we come to metrics and culture. How do you measure something where every single bank, every single

organisation, every single organisation in any sector is going to have, as you say, its own culture? It's going to be a product of its leadership, its environment, the composition of the people. Its history.

Alison: It's always going to be different. So, how do you measure it in a sensible way given there isn't a single good culture that everyone aspires to? One of the approaches that we've taken is to sort of step back from that and say, 'There are going to be lots of ways of having a good culture, lots of ways of having a seriously bad culture. But are there things that we can measure that help us judge that culture?' So, if we start from the point of view of saying a good culture has good outcomes for customers, clients and other stakeholders in society, and other things you can measure that help you get a sense of do you have a culture that promotes those good outcomes? That's perhaps the sort of thing that we can think about how we measure that.

Jonathan: Excellent. I can't wait to get into it. **Ben**, why are you here?

Ben: My name is **Ben Hardy**, I'm a Senior Lecturer in Public Policy and Management at SOAS. I've been involved in culture change in a number of organisations ranging from start-ups that are trying to sort of solidify their culture really to large organisations that are trying to shift their culture, and in some cases, huge financial institutions. So, it's been interesting to be going in and watching how different organisations handle this. I've also been in organisations where we've been attempting to deliver other types of change and actually the culture has kind of stymied it. So that's another factor that that culture seems to be quite fundamental to a lot of things as we know. Based at SOAS, we think about culture a lot, typically we think about it in transnational culture, but actually many of the same tools and techniques can be applied in an organisation.

Jonathan: Okay. So that sounds excellent. Thank you so much for coming along. So today, actually, the main objective is to answer your questions. So this is how it's going to go down I hope. We're going to talk on a handful of questions about measuring culture for about 25 minutes. While we're doing that, your job is listen to us, but also think about what are the questions you really want to have answered. What are the queries that come up as you listen to us? Then send in those questions. They will take probably 45 minutes after that, the bulk of the time we've got today, to really get through as many of those questions and provide some perspectives on them.

Jonathan: So anyway, our job is to talk for a while. Your job is to listen and generate some questions. Now, one thing I should say, while we're talking about the questions is that I was saying that it needs to be purposeful and safe in the culture. So, we're going to have a purposeful and safe webinar. So, do not worry.

Jonathan: We will not say which organisation you're from. Feel free to send in your questions and commentary. We'll just take them as they are. So it's purposeful and safe. So here we go. Before we get into that, the first question for the panel if you like is really, what's the point in measuring culture? Because my observation is that there are lots of different

situations in which people are measuring culture. There are the ones where the banking standards board is saying the whole sector is trying to measure are we improving, is the culture improving?

Jonathan: There are others where **Ben** described a huge organisation setting out on a journey to transform their culture. But I also hear boards saying to me, indeed my own chairman asking me under the senior manager's regime, I'm accountable for the culture. How do you recommend I go about measuring it? I hear risk functions, compliance functions, internal audit function saying well it's not just about the process, it's not just about compliance with the policy. Actually, we've realised that we need to be looking at the culture.

Jonathan: So how should they approach it? I hear HR, I hear every line manager saying, 'I've realised that the difference during good performance and great performance is the culture of my team. I'd like to measure it as well.' So, I guess the question to the panel is what's the point and what is your experience of the main situations where people are trying to measure culture? Go ahead, **Ben**.

Ben: Shall I take off?

Jonathan: Yeah.

Ben: I think it's worth doing if we believe it affects performance, I think there's a reasonable body of certainly anecdotal evidence that it does. Interestingly, it's much harder to draw a straight, empirical line between one and the other. But if we believe it does affect performance, and personally I think it does, then some idea of is the culture doing the things you need it to do? If it's not, how'd you go about changing it? But if you want to change it and get it to do the things you wanted to do, unless you've got an idea of where you're starting from, you don't know really what you're dealing with. So, I did some work with a global media organisation. They bought sort of piecemeal, different bits of different local organisations and sort of stitch them together.

Ben: The question is what does the culture look like for that? What are the rules that we agree on? How does this sort of stuff operate? Only by knowing what the different bits were could they then sit down. We did do this, sit down in a room and work out what sort of things we wanted it to look like. But you can't do that unless you know where you're starting from.

Jonathan: So, when you mentioned, **Ben**, the different bits, that is a really interesting question. What are the bits of culture that they were trying to look at?

Ben: Well, what are they trying to say, we did a sort of an interesting exercise where we had quite a structured process. We drew on a particular framework by a couple of academics, Johnson and Scholes, looked at stories. Stories are quite good reflective culture.

Ben: Who are the heroes, who are the villains? That that tells you a lot about actually what things are rewarded, what things are punished. How do

people get out of a scrape? That sort of thing. We looked at symbols, artefacts. I did work with a law firm that was looking at changing its culture. It was quite a sort of traditional firm. One of the things they tried to do with some of the artefacts were very traditional sort of British things.

Ben: If you're trying to bring international people in, that feels odd. They look at the firm and think, 'That's not the sort of place I want to go.' They were very skilled at changing that. You look at the sort of power structures, the informal organisation, I mean I did my PhD and things at Cambridge. In the power structures there, I mean everyone knows about the professors and the hierarchy and the master person you need to know is the head porter, because they know everything going on in the college because they're not forming in any reporting line.

Ben: But if you can talk to them, you can find. There are people like that in every organisation. So, we kind of unpacked these different elements. What you're doing in doing that is you're looking at the things you can get a hold of. From that, you're inferring what the culture is. So, the really difficult bit is it it's not something that you can look at and go, 'That's culture.' All you can do is look at the kind of surface manifestations of these deep, deeply held beliefs.

Jonathan: So that's interesting. **Alison**, **Ben**'s raising this question of what is culture actually? What's your take on that?

Alison: Yeah. I mean there are numerous definitions of it, but I think one of the key things is it's the way that people behave in groups. Individuals can behave very differently in different groups. The way they behave will depend on, **Ben**, as you said, the shared values, the assumptions under there, but also what seemed to give status within the group. What's seen as shameful within the group. We bow to social norms. We're human beings. We're social animals. We want to be liked. We want to be respected. We don't want to be shunned. So we go with the norm. So as an organisation or as a team or because every organisation has a culture and it has sub cultures. That's normal. The culture is the product of all the subcultures. So if you've got 2 rooms, you can have 2 cultures.

Alison: You can even try it within 1 room. It's hard, but you can get it. When we're looking at that, either as a leader of a team or the leader of a whole organisation, I think it's this combination of both trying to assess. I'm trying not to use the word measure because I don't think you can measure the culture.

Alison: But assess and understand it. The assessing side of it, which is what we're talking about here and what can you measure to help you assess it is what gives you the picture of where you are. Now, you can assess and not understand, which is perfectly possible. You can understand it. But if you're not assessing it, you don't know if as you're trying to change or maintain it, you're actually moving the dial or holding the dial. So you have to try to both get a sense of what have I got at the moment? Do I understand why I've got what I've got? Does it match what I want? That can be within a group of 6 people. It can be a group of 6,000, 60,000.

Jonathan: Yeah. So, I think we're saying you've got to make some assessment. There's a hesitancy to say you can really measure it.

Alison: You need to know where you're measuring.

Jonathan: But what I'm hearing is if there's few things, as I said before we even came into the room, everybody. If you ask 3 people, you'll probably get 3 or maybe even more definitions of culture.

Alison: More, more, that's right.

Jonathan: But I'm hearing or teasing out from what you're saying, there's a few things. I think there's something about mindsets, and values, and beliefs and so on, which you could say the share. Those are the shared things. There's the behaviours. I think in the FCA, we would just talk about what are the outcomes, which is sort of behaviours. I think I also heard culture could be if you'd like the mindsets, what's inside people's heads, what they think is important. What does success mean for them? How do they succeed in life? How are they cc'd in the organisation? So, all the things inside the, as they called the, me-based computer.

Alison: One of the things, just thinking about it, that comes back to why it's so important is because as a firm, as an organisation, because the social norms are so powerful, what you don't want is a situation where actually they make it easier for people to go and do the wrong thing than to do the right thing. Because you can sort of say the right thing. Individuals can mean the right thing. But the old experiments where you put, you're saying 2 plus 2 equals 4, if everyone else is saying 5, you are inclined to think, 'Oh, they must be right.'

Ben: That works, yeah, I know that.

Alison: Unless someone else says 'No, it's 4.' Then it shifts the other way. So as an organisation, how do you make it easier to do the right thing and to do the wrong thing? I was thinking how the group works.

Jonathan: Yes. In terms of with that mindset of why do people go to 2 plus 2 equals 5, it's what is it that drives that mindset?

Alison: Yeah. You don't want to look stupid in front of everyone.

Jonathan: It's what other people are doing. It's the influence of other people. It may be the artefacts as you've described them, the fact that everybody else is, as you pointed out, I'm wearing a tie and you're not. That's the signal, that sends some signal to people.

Ben: If I put on a t-shirt, this would be a different kind of conversation. Yeah.

Jonathan: Exactly. So, so there were a bunch of drivers of mindset which drive the behaviours. So just in summary then, I think what we're saying on this point about what's the point of measuring culture, I think is anybody anywhere who wants to change the outcomes in an organisation, they need to change the behaviours.

Jonathan: They need to change the mindsets. They need to look to measure what they're doing in terms of drivers or practices or artefacts that are changing the mindsets.

Ben: I was just going to add 1 thing actually to **Alison**'s point, I think she was absolutely right about how people behave. There's a nice bit you can add to that, when no one's watching.

Jonathan: When no one's watching.

Ben: That's the thing. I mean, anyone can behave when someone is standing over them. Then this feels particularly resonant for the FCA. But what do you do when no one's looking? I think that to me is the acid test. Because if no one's looking, if no one's watching. What do you do?

Jonathan: What is it that causes that?

Ben: Yeah. I think that's the real acid test.

Jonathan: As somebody pointed out to me once, you can easily get your dog, well not easily, you can get it to walk on 2 legs.

Alison: Depends on the dog.

Jonathan: Yeah. But as soon as you walk away and remove the treat or the incentive or the whatever, it's back on 4 legs. So that is the culture problem. That's why it's a transformation.

Alison: As you're saying when you're talking about having, or not having a compliance culture. You want the compliance but not the compliance culture. It's about how you align. Picking up on **Ben**'s point, the sort of the motivation and the actions. Because if the motives aren't aligned, you gain whatever it is you're looking at.

Jonathan: So that brings us neatly onto, we've got to the point of what's the point of culture, and why you might want to change it, and why you want to measure it. The second question, what are all the different approaches out there? What are their pros and cons? We're not going to be able to ... So, we're not going to be able to list every single one. But things that come to mind on our surveys. **Alison** is uniquely qualified to talk about that. But if we're saying culture is the mindsets, culture is the behaviours, culture is the practices that drive the mindset that drive the behaviours. What have you seen? What are the pros and cons of different ways get it. Are there other new things coming through?

Alison: I mean, can I just ask a few things that I think is helpful to think about before that?

Jonathan: Yeah, yeah.

Alison: Then Professor **Ben** who's got the diversity of these things. Now, we can talk a bit more about the surveys if that's helpful. I mean there are a whole range of approaches and I think it is actually important to look

across that range because there are some approaches which you maybe single use. If you're looking at picking up language in papers or emails saying once people know you're doing it they will change it. So, it's useful to you at once. But if you keep doing it, it has limited value. I think it's helpful to sort of think through first. First of all, what is the question that you're trying to answer?

Alison: What is the information that you want? Is it to do with how engaged people feel? Is it because you're trying to get a sense of the culture in the centre, how it affects the outcomes? Are there particular issues you're trying to fix? So, what is the question? Because if it's the question's wrong, the answers aren't going to help at all. Once you have a sense of it, what is it I'm trying to do here or trying to find out here, who do I need to ask? Is it third parties? Is it people who've been in the firm? Is it employees in the firm? How many of them do I need to ask? Do I need a big longitudinal because it's valid data set. Do I just need to talk to a few key people? Who has the information that they might be able to share with me?

Alison: Then how do I ask it? This comes back to a point you mentioned earlier, they'll turn to safety. How do I ask it in a way that is safe, that is simple and straightforward that people can understand? That's actually helpful. That is relevant to the question. Now, it may not in all cases. But actually you have to go and ask some, it might be observational, it might be using ethnography.

Alison: So, of just watching how people behave. It might be looking at social media, it might be lots and lots of things you know and communications. But if you're asking them, it has to be easy to do. It has to be worth their while doing it. So, whatever approach you take, I think you have to think of that sort of reciprocity. If we're asking you to give your time and share things with us, how are we going to share back with you so that we're all working to the same end. That I think it's quite important in terms of trying to avoid the gaming because if you're asking it in a way that says, actually if the results here are great, that's great for the team. You'll all get lots of reward and things like that because your scores are great. You're not going to get the information.

Alison: So you have to be smart in terms of how you ask, what you ask, who you ask, and then recognising actually the limitations of the data you get back. It will answer the question you've asked. It won't answer all the questions.

Jonathan: Yeah. So yes, you have to. So, the choice that you're saying is it's very specific.

Alison: Think about it before you go with the quotes, yeah.

Jonathan: Then be careful about what the impact is of doing the assessment. I've seen large organisation where you've got incredibly high engagement scores. When I asked why, what's the secret? This is amazing. They said because everybody knows if you fill it out and say you're not engaged, you have to do something called work plans. So, everyone wants to

avoid that. So really good point. **Ben**, what's your thought about the different approaches?

Ben: Yeah, I always apply quite a simple principle. I trained as a vet and one of the things, the rules and basic rules in surgeries, if there's more than 1 procedure to do something, none of them are any good because if there was, that'd be 1 way of doing it. To some extent, it's quite a useful rule of thumb. If you're presented with multiple explanations for a phenomenon, none of them are definitively correct.

Ben: So, I think in terms of culture, the fact that you've got multiple ways of exploring culture probably means that all of them have limitations. I think what **Alison** said was music to my ears. You need this kind of broad approach. I know everyone loves to boil everything down to a number. We can then compare 1 number with another. That's not to decry that, but that as John Kay, the economist said, whenever you see a number you should say to yourself, to what question is this number the answer?

Ben: Actually, with a lot of these, to the point about your people on the floor, the question is, how can I make this thing go away without having to do work planning? I mean that's basically the question being answered. So I think you need a broad base. I think surveys have their place. I'd done a lot of research on the sort of limitations of surveys. The trouble is whenever I present that research, everyone goes, 'So you think they're rubbish?' No, I don't think they're rubbish. But I think you have to be very, very sanguine about what you're actually measuring. But there's other stuff you can do that's sort of interesting. We talked a little bit about a model I've used. There was a sociologist who used to do what he called breaching experiments, which is where you go and behave in a way that's abnormal.

Ben: So, when you can conduct a very simple breaching experiment, just go and shake hands with someone on the tube. You'll find very quickly that there is a culture of not shaking hands on the tube. We did this with, I was working with an oil company in the Middle East. They conducted a breaching experiment. The boss of the company had a big beard. There was a site for safety reasons that you weren't allowed to have facial hair because it's a bit flammable. He tried to get into the site. Is this a breaching experiment? Basically a security guard said, 'I don't care who you are, you're not coming on.' That was actually, he was delighted by this. But he was attempting to breach the norm. So that you can do interesting things like that to look at the culture, just behave oddly. If I turned the chair around and face backwards, everyone's like, how's he doing?

Ben: Because there is a basic set of rules about how you do these kinds of things. So, you can do something like that. The other thing, and it's a slightly unusual technique that the academic Oxford uses. He does it in its narrative, but he gets people to describe if I was transformed into **Alison** for the day. So, I look perfectly like **Alison**, how would I fool people that I was **Alison**? So, if I walk into the office, what do I say? Who do I talk to? Who do I not talk to? Who do I pay attention to? This kind of stuff. That can be very useful. So, I think those are the more

sociological anthropological views. I think actually technology is providing some interesting things. So, you can look at sentiment analysis and emails.

Ben: I mean Glassdoor, everyone knows about. There's a whole range of things. And Tom Redrow at LSE has put together a sort of attempt to, not an attempt that's unfair, but sweeter of ways of looking at things. If Tom were here, he would be saying, you can do this stuff. But again, it doesn't perfectly do it. So, it's building up a picture of what's going on. If you want a dashboard and a number, I feel you're on the fool's errand. I think you're going to find that actually what you need is, getting an overall image. But in the same way, you don't get necessarily a definitive number of profit and loss that you're getting an overall picture of is the company doing all right? Is it not doing all right? Well how does this work? So yeah.

Alison: Yeah. Can I come back to the survey side?

Jonathan: Yeah, please do.

Alison: The survey, I mean you can think of surveys, the surveys, the survey and actually they're not because you can again, they can be used well or not used well. Again, it depends on the question is, but one of the not easiest ways but most obvious ways of trying to find out what's happening in organisation is simply to ask the people within it. A survey used well can give them an opportunity to share that information. As we say, it has to be, straight forward and safe, anonymous. All these things. When we're asking this again, it's thinking what is it we need to know and how do we, how do we ask the questions, how do we frame the questions in ways that helps us get that information and doesn't just running the risk of mixing up the information with the outcome?

Alison: If you want high survey results, you want very, very positive survey results, you run a very long survey because the biases that the more people go on and answering a very long survey, the more they tend to answer the question more positively and the range of the responses get smaller. You ask very positively framed questions so the people agree with them. You encourage in some way say teams to compete with each other to fill, and the manager of that area has, is very respected because they have very high scores. That gets you the high scores. It doesn't actually tell you anything about what's happening in the organisation. One thing that we have tried to focus on in the approach we've taken working with banks is very clearly stepping away from questions that are engagement questions. Engagement surveys and engagement work is really important.

Alison: But it's different to saying when you look around the organisation, what do you see? It's different sorts of questions. So, what we tried to do and nothing is perfect. We learn all the time, but just some of the sort of things that we've tried to factor into this is keep things short, have positive and negatively phrased questions, randomize the ordinary questioned or asked, really test them, do cognitive testing. Does everyone understand it? Because these questions go to everyone in an organisation, from very new to very experienced, senior, less and so

forth. Does everyone understand them? Actually, are they showing you anything? Are they telling you anything?

Jonathan: So, when you say what people see, and these 2 are connected, are you saying go out and try and measure behaviours, which is if you like 1 definition of culture or are you trying to measure, some of the practices that drive the mindset and drive the culture? What do I mean a behaviour could see how often do you see your boss give you coaching, which could be a behaviour. Yeah, but it's also a driver by the way, versus how often do you indulge in top-down planning or to get alignment or how often do you do visioning or whatever. When you say the, 'What do you see is,' are you looking at behaviours or you're looking at drivers or back?

Alison: Again, what it comes back to depends what the question is you're trying to answer what we're, what we were looking at here, going back to the BSB's own emphasis of surveys. Obviously, the questions that we're trying to answer in this are how can we work with firms in the financial services sector to raise standards of behaviour and competence that **Ben**efit customers, clients and so forth? What we're interested in is the impact on customers, clients, the outcome side of things. Tracing back what we're then asking and trying to measure through the survey is to what extent are certain characteristics that we would argue, and it's all discussable, but we would argue unlikely to be associated in a common sense way with good outcomes for customers? Things like honesty, reliability, competence, responsiveness, resilience, respect, openness, accountability, shared purpose. That's the nine characteristics that we're trying to measure in the survey.

Jonathan: So, you're trying to measure about to what extent are we achieving the designed culture?

Alison: Yes. A culture that achieves those outcomes. So, it's not achieving a culture, but a culture that achieves the good outcomes. Then stepping back, what would we expect to see demonstrated around an organisation if customers are getting good outcomes? Which is both good service, but actually you can have a good service and it's all about product. So you want the good outcomes. Then asking questions of employees to try to get a sense of how far these characteristics are demonstrated in the firm. So, for example, it's agree, disagree statements such as I have to flex my ethical standards to progress in my firm or there's no tension between our values, the way we do business.

Alison: So, these are about sort of perceptions. They're not about do I feel I'm treated fairly, do I get paid enough? There's lots of engagement stuff, which is a different exercise. This is what do I see. There are a few questions, 2 or 3 of those in there that are about, I believe, so there's, 'I believe senior leaders mean what they say.' But most are what do I see? When we started, we had a couple of questions in there about I feel or I think. Actually, the ranges are very small because everyone always thinks they're above average. I mean we're human, we're always sort of, 'Yeah, I'm great.' Whereas other people... Do you see other people doing this off the range expands, so it's actually…

Jonathan: It is interesting to see because when you were saying, see I was thinking about the iceberg.

Alison: Yes, yes.

Jonathan: Right? The bit you can see a culture is, some people say it's like an iceberg. The bit you can see, I think my physics right is you can see one ninth of it above the water. It's the bit below the water, which is about feelings.

Alison: That sinks the ship.

Jonathan: Yes. And it's all the feelings. I was thinking how do you get a handle on that? You can ask people how they feel. It's a bit difficult. I've seen a couple of approaches where, for instance Dutch Regulator are doing some interesting things that are actually employing psychologists. I think to really talk to senior management to understand, let's go below the water line. Let's go all the way down to the deep subconscious, right? In the bottom of the iceberg, which is very big and powerful. I've seen surveys that sort of say, 'Here's a pick list of things that characterise me. Here's what I think, how I experience, how I feel about the culture and here's how I would like it to be.' That gives you a feel. But what's your thoughts about getting to the, the submerged iceberg?

Ben: Well, I mean actually just remind us when we were talking. We did some work looking at hormones and decision making and 1 of the hormones we were interested in was cortisol, which is a stress hormone. Actually that's prompted, that's tends to be put up by uncertainty. We looked at traders. So that would give you certainly a measure of how stressed people are. There are others that are slightly less invasive, but I'm not sure. That doesn't tell you anything. It tells you that they are stressed. It doesn't necessarily tell you why. I think with a lot of the stuff under the base of the iceberg, I think you end up inferring it. It's very hard. People are generally not very expert on their own thinking. I mean, we all think we are, but actually we're not. There's a whole body of literature that we really just sort of self-justification machines. So actually directly asking someone, you're asking something they don't know anything about.

Ben: We think they should but they don't. When we do also things like, 'Are you trustworthy?' No one's going say, 'You know what, I'm absolutely not.' So we need to be a bit careful. So you end up inferring it. It might be that, for example, if you've got a particular culture and someone so I'll give you an example. There's a sort of globally significant bank. I was asked to look at rogue traders. They were looking for a way to identify rogue traders.

Ben: I asked them how they're defining rogue traders and they said a rogue trader is someone who exceeds their trading limits and loses us money. What do you infer about the culture from that? I can infer several things. Firstly, they don't have a terribly rigorous discussion about what rogue trading is. Secondly, they're happy to go from pumped on a measure when they haven't actually bothered to do. So, if you can see what I mean, you can infer some quite sensible things about what's going the bank from that statement alone.

Ben: But if you said to them, you know, do you think about rogue traders in a sensible way? They'd say 'Yes, of course.' You end up. When you infer things, it's always open to the criticism, 'Well, that's not what I meant.' But actually, if you've got these multiple overlapping methods and data points, all of which seem to suggest something, then I think that's valuable. So surveying I think is important, but as we say, all these other things are useful some of the modern things of looking at the digital footprint of organisations, that I think is all part of that. You're building up a picture.

Alison: Sorry, I'm just thinking of something that **Ben** just mentioned there. Makes me think that again, what do you want to use this tool for? I think really the new thing that the banking sector has been doing over the past 4 years is using an approach, in other words, a consistent survey approach to try to get comparative data, which again, it doesn't mean that say because a firm is, you know, is top of all of the other firms on a particular questionnaire because we're very careful not to give just 1 number on a particular area. It doesn't mean that it's good because actually all the firms might be in already a poor place or it might be last or it might be in a very good place.

Alison: But what that also then helps the firm think about is, 'Okay, what are other firms doing that I can learn from?' Because in all of these things, you have a server, you have any approach, it gives you data, good analysis can turn that into information. But then you want to act on it and then sort of iterate back again at a future point and see how it's moved. The key thing is how you take that and how you use it. So you want information in whatever approach you're using that you can act on. Otherwise you're doing it for the sake of it.

Jonathan: Okay. This is so interesting. If I have to, I'm going to have to cut short that discussion on all the different approaches. We could talk about it a lot more. What we'll try to do, everybody is over time, we will try and get the resources, here's some methods and we're going to put them on our website, ideas about lots of the different ways people are approaching it. So, you can have a look. That will be coming over the next few months.

Jonathan: I just wanted to ask one quick question now. One more question before we go over to you to hear about what you think you really want to hear about. Just a very quick question. You've got hundreds of people on the line, the vast majority of them are not CEOs who are going to launch some vast transformation programme on Monday as a result of the webinar. But if you're in a control function or if you're a line manager who is not the CEO, a quick one, what would you do on Monday morning? What ideas?

Ben: So, one of the problems with culture as it is, is that we don't see it. We're typically not very good on our own culture. You have a culture at the FCA, you have a culture at BSB. I don't have a culture. I've just got the way I do things. So, it's hard for us to spot. So, actually an interesting thing, exercise you can do is you can go and talk to new hires.

Ben: So, people who've come in from somewhere else. They're fascinating because an exercise I quite often ask people to do is when you join a new organisation, write down all the things that are weird. Why do you do this? Why do people eat and why is this like this? Why do people not sit together when they eat? All this kind of stuff. Write it all down, stick it in a drawer for 6 months. Then at the end of 6 months, pull it out. Half the things on the list you'll get, but the other half will still be weird, but you'll have forgotten that they're weird. I mean that's a really easy day one thing.

Jonathan: Really, really good. What's your version of that, **Alison**?

Alison: I have a starting point for anything you're doing is asking and actually asking yourself and your team, just what are we here for? What is the purpose, what is the point of us? It's as relevant I think in parts of organisations as it is for the organisation as a whole because if everyone doesn't share the same sense of actually this is why we're turning up, this is what we're doing, this is what we're trying to achieve, then you can't have a sense of is the culture helping us? Is it hindering us? What sort of things would we expect? But actually what is it that actually binds us together?

Jonathan: That is really interesting. I was going to say my version of that, the first day I arrived at the FCA four and a half years ago, I went around to everybody I met that I was working with.

Jonathan: I said, 'Why'd you come to work?' They would all answer. I said, 'But why is that important to you?' After you've done 3 why's, it was interesting. I mean I learned that people come to work at the FCA mostly, mostly cause the culture is not completely uniform because they want to make the world's a better place. But actually most of them are very interested. So, people who talk to consumers in our supervision who take 500 calls a day from consumers. They're saying, 'Because I want to help consumers.' they didn't say what the objective of the FCA as I wanted to make markets in financial services work better. They said I want to help consumers. So, I think you're getting some consistency.

Jonathan: Now we're going to turn to your questions. So, keep sending them in and then let's do rapid fire because I feel bad, we always end up with 60, 70 a hundred questions and we don't get to, let's see how many we can do. Quick fire. Okay.

Jonathan: Question 1. Has the FCA, well all of us, become aware of any universally applicable metrics which will provide meaningful **Ben**chmarks as measure of positive culture and have the potential to be broadly applicable?

Alison: Something that we look at, and I don't know this fills the thing of a universally applicable metric because that would be really simple. But I think something to watch and, **Ben**, I know this is something that you've worked on, looked on more, is around the speaking up side.

Alison: Something that we looked into and sort of dug into a little bit more around our assessment work in 2019 in particular to the 2018, '19, was

around, is there a gap between where people say, 'I wanted to say something about something.' Doesn't mean whistleblowing but just there was something that we could do better or something wasn't working. I want to say about something. I didn't say anything over the last 6 months, the last year.

Jonathan: That's really good.

Alison: How big is that gap and is it getting bigger? Because if that information is coming up, it's not going to be ...

Jonathan: Music to my ears because as I said, from the FCA point of view, we want this safe culture. So that's really good, **Ben**.

Ben: You wanted a short answer. No. I'm not sure there's, I mean I absolutely, I think what **Alison** said about a psychologically safe culture, yeah, I'm completely down with that. But I think if there's 1 metric, the world's full of clever people. They will hit that metric. I did some work in call centres and I mean you'll be familiar with this, but they had all kinds of metrics they had to hit. The chap running the call centre, he said, 'I can't hit all these.' He said, 'I'll write the business but I can't hit them.' So I think we have to be a bit careful, clever, clever people will work out a way to do this to their own advantage. Interestingly, if the culture isn't right, because if their culture is one of, we just have to hit the numbers and to hell with it. I'd be a bit suspicious about it.

Alison: Yeah. People can make any system work and they can make any system work for them.

Jonathan: Yeah. So be careful when you measure because you will affect the result. Question, which organisations have made a significant measurable change in culture and how did they approach the changes? So actually, I do think we ... Thank you, Rachel, for sending this in, but I don't want to get into, how'd you approach transforming culture? But in terms of measurements where people have demonstrated a big movement, what are they?

Alison: Yeah. We have seen this and it's almost how you measure I would say sort of 3 core things which had been fundamental where we've seen this change happen. One is to get a sense of perceived fairness around the organisation because if fairness erodes basically your organisational culture and everything that's in it. So, fairness, respect and consistency.

Alison: The consistency angle there is both consistent in what you say and what you do but also almost in the sense of predictability sense. I mean, moody, erratic genius is a maybe fabulous at doing things. But they're not usually very good at leading organisations. Actually moody, erratic non geniuses aren't that great either. A lot of stress because if your manager is completely different each time you walk in the room. So how can you get a sense, what can you look at that gives, that tells you, 'Do people feel my organisation is treating me fairly? Is it treating me with respect?' Actually I might just being completely stressed out because I never know which one I'm going to walk into every day.

Jonathan: **Ben**, any thoughts on that?

Ben: I've had an organisation I've worked with that was sort of starting to get some movement. Then there was change at the top, then the movement has stopped. I've got another organisation I'm working with who actually are doing pretty well. But what was interesting there was one of the first meetings, the chief exec basically made a mistake. He got something wrong. Quietly at the break, 1 of the people, who have paused himself, 'That wasn't quite right.' He stood up and did a kind of miracle. That was enormously significant.

Alison: So valuable. Yeah.

Ben: There is a sort of tendency, I think sometimes particularly high levels to think cultures for the other people. But actually you're all in it. Yeah. So yeah.

Jonathan: I think my answer to the question is if you're going to try and make change and you're trying to measure it, just focus on a couple of maximum, a couple of really simple themes because getting it right is about authenticity of the leadership I think is what I'm saying. You pick 3 themes, authenticity of leadership, change of incentives, change of training. If you're trying multifaceted change, you will fail.

Alison: Don't keep adding initiatives too.

Jonathan: Yes. The other thing I would just say is culture is the way we do things around here. I think you said that or the way we do things where no one's watching. In other words it is about how you are, it's not about a project. Unfortunately culture transformation doesn't have a start, middle and end. Sorry. So next question. Thank you, Monica, who works for a consultant firm. How can advance us in technology help to measure and assess firm culture? We've touched on this a bit.

Alison: Yeah, I mean they can certainly use it and give you different options in terms of how you communicate. It employs both then actually the things you pick up because we use different forms of communication now, so actually when you look at emails, there's lots of ways to do this. It can help you to sort of touch base with people more frequently. But it actually gives them a way to just talk back to you and for you to communicate. So, it can help with actually getting that dialogue, which again comes back to that reciprocity. This is a mutual exercise.

Ben: Yeah absolutely. I mean I think, I think the sort of hope is that there'll be some technological thing that will tell you, give you a readout for culture. I think there are things that can help. I think the big thing that technology does is first of all you can get data much more quickly and easily.

Jonathan: There is a lot more data around.

Ben: Which is there's a lot more data around. You access it much more easily. Now, there's good and bad sides to that, which we've sort of hinted at. I think the other thing that that's important is it kind of enables you to

scale stuff. So you can accumulate from a much greater area. It anonymises.

Ben: So, I think that's the big difference. We've moved beyond the age of people kind of cutting out bits of the newspaper and pasting them into sort of deliver a ransom note. But in a way, if you're in an unsafe culture, actually there are ways of being able to whistle blow might at the very strongest end. But there are ways of being able to raise things that you can do in such a way. That was much harder, I think 30, 40 years ago. How'd you do it?

Alison: Actually, on the assessing side as opposed to just the measuring, it's the analytic side as well, isn't it? It helps you that if you want to try to get that sense of, 'Okay, this is how I'm doing relative to where we were a year ago, but this is also how I'm doing relative to other organisations that look like me or how am I trading for or the trading floors or whatever?' We can do that now, it'd be much, much harder.

Jonathan: It is, it is interesting. I've seen a bunch of things which ... I studied engineering, so I'm afraid I'm a geek really at heart. I love some of the things people are so creative about using the technology. The rogue trader question is, you look at their comps and how much they're using the metadata, they have very different pattern of comps in a rogue trading team. They become very isolated from the rest of the organisation. They're not talking to them. You look at email traffic in organisations which are very innovative. You see like the airline map of.

Ben: Yeah, yeah, it's very different.

Jonathan: Yes, you have the team here in this part of the world and the team here. But they're talking to one another, getting the **Ben**efits of that. I think the technology which allows senior management to talk to everybody to have an ongoing conversation, which would've been impossible before because it all had to be broadcasts. All these technologies and it's uncomfortable for some people. We've had the thing where anyone can just post now on our intranet. They do. It's great, but sometimes people post things and it's searingly honest and you're going, 'Whoa, it's our other people, not the senior men are going to get very upset about this.' But I think you have to let it happen because that's culture in the cauldron. Anyway.

Ben: I'm sure you've covered it in the psychological safety thing, but actually a psychologically safe environment is not necessarily one where you're sitting there going and patting each other organising. No. The cause the difficult stuff's being raised. If you want a nice comfy environment, it's probably not that I would say.

Alison: I think we should also just keep in mind as well as we're thinking of the techniques and sort of the observational techniques, with technology going back to those things about respect and fairness. Think about before we use some of the tools as well actually, which you're being open with.

Jonathan: Signal and dimmed of itself.

Alison: Exactly. If you don't do this sort of thing, actually we don't trust you.

Jonathan: Or we're spying on you. Yeah. Next question. Responses to surveys or interview questions regarding culture may not be reliable, there we go as the person responding, not wish to give an honest view. How can this be managed? Laura, who works with a law firm. Thank you, Laura.

Alison: No, absolutely. I mean those issues here around both bias and confidentiality, probably a range of other issues. We've talked a little bit about asking the question the way that tries to mitigate the bias. But also it needs to be a safe space. So, actually who asks the question affects the answer. Do people trust the fact that if we say it's anonymous, they believe it's anonymous. That it will be completely confidential, it can't be traced back to the 1 person sitting in the 1 region, who can play this or whatever, being open about the reasons why we're asking for this information, sharing actually the results. They may be aggregated results and all these sorts of things. But actually coming back, it didn't just sort of land in a deep pool. There were no ripples back. This is why we're doing it. This is what we've learned from it. Therefore next time we come ask, it's worth doing this because we're all pushing the same way.

Jonathan: And be very careful about what you do with the results. So, people don't say we're not making that mistake again.

Alison: In a sense, the people who are asking the question when quite often when it's a firm wide survey or something, the impetus we come from the top quite clearly because they're organizing it. What is the culture in the leadership team that is doing this? It has to be, it has to be open. It has to be fair. It has to be respectful.

Ben: Yeah, yeah, yeah, absolutely. I don't have a great deal to add. I mean I think the only thing I'd say is that yes to all of that with surveys and directly addressing 1 person. I think then you're looking at for the indirect inference stuff, so while you may not be able to say what's this individual cultures like, you might get an interesting idea of the culture of the organisation. There's a beautiful example of this. It was known as first study where he got people flipping a coin. I think if you saw this.

Alison: Yeah, yeah.

Ben: Essentially, they all worked in financial services. One group, he raised the saliency of their financial service's career and the other he didn't. What was fascinating about it was, so you'd be asked to flip a coin 10 times. Every time you flipped heads, you get $20. All you had to do was just send back the result. So, they didn't know if you're lying or not. They had no way of knowing about an individual lying, but they knew on aggregate because of course you should get a binomial distribution.

Ben: So, you can check the deviation from that. That gives you some measure. Then of course what they found was that the actually, people in financial services are by and large like the rest of the population. Once you raised the salience of it, you still skew towards people. Well there is money on the table and no one's stopping me. That I think that was a

very nice idea of an indirect measure. So actually to the point, people can see what they like. It doesn't matter. There's no repercussion, but you get an overall picture of what's going on in that sample.

Jonathan: There are indirect ways to do it. So, you're not actually making it unsafe. Okay. Next one. How do you align internal and external goals when employee engagement on one hand and customer experience surveys are run independently from one another? That's interesting. The marketing department has got a customer experience survey and the HR department has put in place an employee engagement. How'd you get all that to come together? Thank you, Tony, who's with an investment firm.

Alison: I mean the 2 may seem to tell you different stories at times. So, I think in terms of aligning the goals, again it comes back to the purpose. What are we here for? If you want to sort of sustainable business model, which restaurant good customer service, then the 2 presumably should be aligned. If they're not, that's a really interesting question to come back and ask actually what are we here for as a firm?

Alison: But you can easily go to situation where the customer scores may be very good and the internal not great or less often vice versa. Then it's actually how you act on this. So actually as the customer getting a good product, a good outcome, or is it just a good service that they're seeing, they're being served by nice people, but the product or whatever the service actually isn't great in terms in the longer term.

Alison: How does that then reflect back, internally that may be consistent. Is it that people are, the culture, the treatment of people in the office isn't great, but actually it's just not visible on the outside. So, you can absolutely get discrepancies. But I think if there's just a like misalignment of the goals, that's more interesting because it's suggesting what the organisation is pushing for is not necessarily aligned with the good outcomes for customers.

Ben: Yeah. I think essentially, it'd be nice if it all lined up, if it doesn't, then you do a gap analysis.

Alison: Yes.

Ben: Our old shipment's patient thought he was marvellous. You need to get at that.

Alison: Also, customers in financial services, you have seen where the customer wants a loan, they can't, they don't have one because actually it wouldn't be the right thing for the customer because of their circumstances, the customer may be unhappy but actually this may be absolutely the right thing to do internally.

Jonathan: It is an interesting question. So, when there is a gap, I would argue from a regulatory point of view, we see this quite a lot. You can have an organisation that looks like it's high performing but it's got an unhealthy culture. Yes. I don't think those 2 things are sustainable because eventually, there is going to be a massive problem. It might be called PPI, it might be called, you name it, scandal, whistle blowing, whatever

the issue there will be a problem eventually. So that's why I talk about health rather than performance. I do think if you are management this is the whole thesis of why we're even here today, you should be thinking there is a good business case for having a healthy culture. If they're out of alignment, then you may be performing fine this year but you're not going to be. So, this is an issue, so there's really good question Tony, thank you for that.

Alison: Can I just add 1 thing? Sorry, which is just you know in terms of that alignment team, internal surveys and external, are you asking or internal engagement or whatever with ... Are you asking questions that might help shed some light on that? Because if you get that misalignment actually other questions in the surveys or however that is saying actually, are we doing things in the best interest of customers? Are we using innovation in the best interest of customers? Do we have customers at the centre of business decisions? Then you can actually start to hone in on that and try to get a sense of the course.

Jonathan: It is interesting. It is in retail businesses, customers judge the response, they judge the culture of an organisation to decide whether they trust them and whether they're going to shop around, whether they're going to have multiple products with them, and how long they're going to stay with them before they go away based on their interaction, not with the ATM or with the statement or with the thing.

Jonathan: They judge it on something which is about human behaviour. So, for example, I found in the past that I looked at a bunch of bank. The bank which had the highest error rate on its statements and so on had the best customer score. Why? Because when the human beings interact, they were really great, they took accountability, they sorted it. Whereas the bank that had almost no errors, the customers thought we don't like them cause they're so ...

Alison: Interesting.

Jonathan: Okay. Let's keep going. Is there an appetite in the industry to see a real tangible culture change and how influential can the regulator be not only in leading the way, but driving culture change? So, I'm actually not going to answer this. So, thank you to the insurance company for the question.

Alison: Do you want to do it?

Jonathan: Feedback is a gift.

Ben: So, sometimes I have to teach business ethics and corporate social responsibility. It really depends on, I mean at the risk of making it totally, it depends on the philosophy underpinning your business. If it is a sort of egoist Adam Smith type thing, then it's about profit maximisation. If you buy into Freedman's Maximising Shareholder Value, then actually that is going to or if you interpret it as maximising profit, then actually that is going to lead to a specific set of behaviours.

Ben: If it's maximising profit in the long term, that's going to lead to a different set of assumptions. So, do I think there's a massive appetite for

it? I suspect there's not. I suspect there's an appetite for avoiding foul ups. The hope is that if you fix the culture, that will do it. But the thing that I would say at this point is that, and we haven't really talked about this, is your values and your culture costs you. If they didn't cost you something, it's meaningless. So, it is the question when the big trade comes in that's a bit on the edge. It's a bit sharp. It's not illegal. It's probably a-legal.

Ben: It might not be covered. Do we do it or not? Because that's the point at which you decide, do we spend the money? Do we effectively forego the profit because this is not right? So the question, I mean an interesting question you could ask yourself is what will we not do? If the answer is nothing, that's fine, but understand that is a particular culture. So I think to get at it, is there a will in the industry? Obviously I haven't surveyed the industry, but that's how I'd go about tackling the question. What is the kind of underpinning assumption under the business?

Alison: Yeah. Is there an appetite, yes. I think there is in part because the BSP exists, which was set up by the industry to look at culture change in the banking side. I think it's wider than that certainly with firms that we've worked with and that we're talking with. But 2 points on this. One, when we talk about culture change across the sector, that will be different things for different firms. So for some firms, it's not about change, it's about how do you maintain a culture when everything around you is changing. With other firms, it is, yes, we know we're here and we want to get to here. So very, very different across different firms.

Alison: But at the sector level, yes, as I say. I think part because of our existence, the role of the regulator, if I can go into that bit of a question, I think is actually really important because this is something which firms and boards and actually influences managers, whatever within the organisation. It has to sit within the firm.

Alison: It can't be delegated to the regulator, which can be very tempting for us. But it actually is the responsibility in corporate governance and just good running of the firm to actually manage that culture. I think one of the things that is important here. We're seeing these questions being asked globally really where regulators are saying, 'Is it our role to prescribe culture or to hold firms responsible for culture?'

Alison: Is the regulator's willingness to sort of stand back and let the firms be self critical. Then have the conversation with them about the outcomes on it. But actually the responsibilities, it's all the time with the firm, which is I think where it should sit as opposed to the prescriptive side because actually we want firms to ask themselves difficult questions. It is really difficult. When we talk comparative survey, if you're at the bottom of the list, that is not a comfortable place as a board discussion.

Jonathan: Yes. So just in terms of what does the regulator think about overall. I think cutting right to the chase. Getting the culture to be purposeful and to be safe is incredibly important. Can we drive it? No. Can we facilitate it? Yes. That's what we're trying to do today. We're trying to facilitate culture change by saying here are the **Ben**efits apart from avoiding

regulatory events. There are real business **Ben**efits, there are real employee health **Ben**efits to having done that. And there's productivity.

Jonathan: What we're trying to do is here's some tools and resources. That being said, we do have a minimum standard. There are 5 rules for behaviour for culture. Act with integrity, act with due care, skill and diligence i.e. be professional, treat customers right. Be open and honest with your regulators. Sorry, that's a bit serving.

Jonathan: Then observe proper standards of market conduct. So, when you look at those and you say that is hardly us driving the culture, that is a bit of a minimum standard. But I think this safety thing as well, I would add it to the list. Timothy, thank you. You're from the insurance market. You will be aware that there have been incidents in the wholesale insurance market of sexual harassment, which turn out, Lloyd's did a survey using with your help, **Alison**, of what was going on and you know huge numbers of women, the majority of women reported either witnessing or experiencing sexual harassment.

Jonathan: Now you can say, what's that got to do with the regulator? It's not a breach of the financial services and markets act. But it is a culture where it's not safe for half or hopefully half your employees. To me, that's unacceptable. So, we're saying if you're a senior manager or you're a manager, which is either perpetrating it or allowing it to happen, are you really fit and proper to lead an organisation?

Jonathan: I don't think that the man on the Clapper, I'm on the bus. I do live in Clapper. It's a reasonable question for leaders. Anyway, I want to get through a few more questions. Well, here we go. How gender diversity is going to be considered, used as a tool to understand culture and change key drivers. Margarita, from a consulting firm. Quick answers.

Ben: I sort of feel inadequately equipped to talk about this because the world's pretty much set up for me. So I don't see. Just like you don't see your own culture. I probably don't see that much just because it's sort of set up for me. I think the, what is interesting and I'd just say, because in a previous life I was a vet.

Ben: One of the things that's interesting that's happened in veterinary medicine is the profession has become, there's many more women in there. That has changed the culture somewhat. I think personally for the better, if we think about getting different views on things, people walking in and going, 'Actually that's not okay.' I think then that can be incredibly valuable. So, I'm not sure it necessarily feeds into a metric or a tool, but I think as something in the workplace, I think that helps enormously because again, you're getting different views and people coming in who just go, 'Actually no, that's not okay.'

Jonathan: Exactly. So, I think you said it all. From my point of view, I think diversity is really important. Group thinking is the enemy of identification of risk. It's the enemy of creativity. So, diversity is important, but even more important, there's no point having diversity if you don't have inclusion i.e. safety. It's a waste of time. And by the way, you won't sustain your diversity if you don't have inclusion.

Alison: I mean gender diversity is very important on lots of levels in terms of role models, talent, all these sorts of things. From a culture angle, it does change it. As I was saying at the beginning, it reflects leadership environment and actually the composition of your workforce. So, it's going to be very ... You want that diversity. It's not just having women, it's not just having men and it's across all of the characteristics.

Jonathan: Coming back to the point is, you know we do approve senior managers, we are, we do interview, indeed many of them. Their attitude to diversity and inclusion is important, it is important. It will be. I'm going to keep going because we've got time for a couple more questions. Well, let's go as quick fire as we can. There's one about how, let's go. Okay. Has the FCA, well the panel, seen firms that use normal discussions with their star to measure culture rather than relying on technology to do that? If yes, have the results being positive? Don, who works for a bank. Thank you, Don.

Alison: Yeah, I'm not sure that I've seen using normal discussion to measure culture. Again, it comes back to sort of take the temperature and to communicate and have that dialogue. I would say it's not rather than relying on technology because I think these things have to go together because the normal conversations with staff, which could be one to ones, they could be town halls, they could be whatever normal approaches are.

Alison: Some people love those, some people take part in them. Some people hate asking questions in a group. Some people get very quiet on a one-to-one. So again it comes back to thinking about the people you're trying to talk to or hear from. What are the avenues you can use at work for all of those people.

Alison: So, the smart firms will be using, trying to think whether they're small or big, just how many routes do I use that's proportionate to the people that I've got? Thinking particularly, this is where I see some ethnographic techniques and coming really helpful just in sort of observing who gets left out, who doesn't get left out. Particularly if you've got offices in different locations, different time zones, different parts of the UK. Are you making sure that everyone is included when you've got town halls and things like that? Thinking of what time these things happen, this type of stuff.

Jonathan: I'm going to skip to 1 more question, **Ben**, the question is, **Ben** mentioned artefacts and symbols within firms. Please, could you give some more examples of what you mean by those terms? Matthew, and insurance again.

Ben: No, that's a good question. It's, I mean this is really kind of from the anthropological side of things. So an artefact would be some something that embodies the firm. If you think of maybe a logo, symbols are a good example. It refers to something underneath all of that. So, let's think of an artefact of say football clubs are springing to mind. There may be a particular artefact that then is sort of rolled through and cements the identity.

Ben: I mean, why do we have logos for example? If you look at super, so I've got to go to the Apple store later. What are the artefacts of the Apple store, it's very clean. You are being keyed up to spend money. If you go to Lidl or Aldi, what is the shop like? In a way, the fact that there's kind of ripped open cases of stuff is an artefact that tells you that this is cheap. This is not, not cheap, inexpensive, I think they'd prefer.

Ben: So, they're these kind of high level, these observable things in a kind of joined up culture that reflects something deep. If you walked into Aldi and it looked like the Apple store, you would think that that was something deeply, deeply weird. Actually interestingly, stuff goes wrong when people try and make things look like they did. So, I sat in a Hilton yesterday and they'd got a kind of printed menu thing. That's not what I associated with Hilton. The artefact doesn't fit with what I think of the brand. The one hand, they're trying to be all terribly efficient at the front desk, but then they've got this thing that looks like you're in a little chef.

Jonathan: It is interesting, isn't it? So, it's the environment. I started work a long, long time ago. I worked on the ground floor in the banking hall of a firm. My boss sat on the 22nd floor with the other partners or former partners. So, there were indirectors.

Alison: With the carpet that you sank into.

Jonathan: Yeah. That sort of just, I'm good…

Ben: I'm just going to get very quick example actually. Why were old fashioned bank buildings, they were built of stone, they were solid. Why does the bank of England look like it does, it's an artefact suggesting solidity, permanence, all those kinds of things. Reflecting hopefully the underlying values.

Jonathan: That's really good. Well, that's one way to measure it as well to assess it and look at, look at the artefacts. So look, we got to the end. It's very sad. I hate that we've extended this by 15 minutes, but we still haven't got enough time to really do justice to the topic.

Jonathan: First of all, I want to thank the audience, without you, we wouldn't get all these questions that you've already brought it all to life. I want to thank both of you, **Alison**, **Ben**, thank you so much for coming along. I'm going to say thank you in advance for other things that you're going to do to help us, us I mean the financial services industry on the journey. I encourage everybody who's listening to think about what webinars we might provide. We've had 4 webinars in what I'd call in season 1, psychological safety, leadership, recognition, incentives, and now measurement of culture. What would you like? So please fill out the feedback form and saying in season 2, if Netflix extends us to another season, what would you like to see the episodes be about?

Jonathan: Then finally I want to thank my team who are, are on the other side of us who without whom none of this would be possible. It's very much, I get to be the tip of the iceberg, but the important bit is outside. So, thank you very much everybody for listening and participating. Only thing I need to say now is have a good day. If you did miss it or that you

want to show it to colleagues, the webinar recording will be sent to everyone watching. Feel free to share it around and look forward to seeing you all soon. Have a great day.

Ben: Thank you very much.

Alison: Thank you.