



## YS UP GOVERNANCE AND BOARDS PODCAST

### Episode 27 – Behavioural Science of Fraud and Cultural Audits with Dr Attracta Lagan

#### Transcript

##### Intro:

Welcome to YS Up Governance and Boards podcast brought to you by 3YS Owls Governance Consultants. Covering hot topics in governance, risk, latest regulatory changes and issues keeping directors and executives awake at night. Here are your hosts Ainslie Cunningham and Deb Anderson.

##### Deb Anderson:

Welcome to today's episode of YS Up. Today, we are joined by Dr. Attracta Lagan, who is a leading Australian business ethicist, who has worked extensively in the corporate and government areas in Australia and throughout Asia. She draws on the latest research from behaviour science, to work alongside organisational leaders in designing preferred workplace cultures. She has focused her attention on developing the social infrastructure necessary to embed risk management, to enable governance and accountability, to become a shared responsibility throughout an organisation.

Attracta has worked alongside the leaders of many major enterprises in Australia and Asia, helping Exco teams measure and benchmark culture, draft organisational values, and engage all organisational members with their ethical accountabilities.

She is the director of Managing Values Pty Ltd. She has a PhD in sociology and ecology, and a number of publications, including Why Business Ethics Matters, 3D Ethics, Ethics of AI White Paper, Business Ethics White Paper, and over 40 articles in professional magazines. Welcome Attracta.

##### Dr. Attracta Lagan:

Thank you very much for having me.

##### Ainslie Cunningham:

Thank you for joining us. So, tell us a little bit about your business ethicist behavioural culture.

##### Dr. Attracta Lagan:

Okay. So, behaviour science, often ethics is approached from two directions. You can either approach it from philosophy and many people focus on morals then. The morals of individual and the character of the individual, and if you can get the right person, then you'll get the right culture.

Behaviour science comes out from a different approach. It says, "Well, actually the organisational context is more important than the character". And the science shows us that people will actually change their value system if they find themselves in a context under pressure.

So, we say, "If you want to change organisational behaviour, change the context first, and then start working on the individual character." It's a different approach, but ours is based on science as opposed to philosophy.

**Ainslie Cunningham:**

And how do you find organisations engaging with that type of method?

**Dr. Attracta Lagan:**

Well, organisations that are in it for the long term, engage in it because first of all, they measure culture. And they benchmark year on year improvements against measured indices. So, those organisations, particularly organisations with valuable brands will make that investment because it's not a short-term fix. Organisational culture is really dynamic. Every time a person comes into an organisation, they're either changing it, they're challenging it, or they're reinforcing it. So, it's never a status quo, it's always changing. So, you have to be measuring it all the time.

And then when you have that measurement, you've got to be holding leaders accountable in each of the areas to say, "Well, have your metrics improved year on year?"

So, back to your question, I find large companies with valuable brands get it immediately, especially when they're working across Asia, because they recognise that it just takes one little country to damage the brand name. So, they make sure everyone knows that they carry the values of the brand, no matter which country you're operating in.

Here in Australia, I think the Australian marketplace has been dominated by philosophers and this idea that it's all about the character of the individual, whereas the science tells us none of us are as ethical as we think we are. In fact, we're predictably irrational.

The great thing about behaviour science is that it's a relatively new science. It's a combination of psychology, sociology, evolutionary science, but already it's won three Nobel economic prizes. And I stress the economic prizes for its practitioners because it's proved to be so valuable for business.

So, for example, Richard Thaler, he developed nudge theory, which is now used in every government department around the world and many of the large corporates use it. And basically, that premise is that people make irrational choices, but you can nudge them to make choices that are in their best interest. So, you can have that organisational intervention.

Then Elinor Ostrom, she won the Nobel prize because she showed that far from the assumption that we're all actually competitive with each other. We're actually pro-social. We actually want to collaborate. We've come out of working in groups and tribes, so we're predisposed to be social. And that's never been more obvious than in COVID-19, when we saw the nurses and the doctors, and everyone stepping up and volunteering to help people, despite the obvious costs to themselves.

So business is often based on that erroneous assumption that it's all about extrinsic satisfaction, you've got to reward people to do the right thing. But in fact, you don't, you just actually have to say to people, "Look, if we all work together," and you are naturally predisposed to be pro-social, "We can together build this culture where we can all benefit." So, it's a very different approach.

And then the last Nobel prize was won by, can't think of his name now. Anyway, his was again for bringing psychology to economic decisions. And that's where behavioural economics came from basically, the idea that, well, not the idea that, well, not the idea the science [inaudible] tells us, we're not rational big people were actually highly emotional, and we have to take that into consideration.

People don't make decisions in their best interests. They make decisions out of various other frames, maybe it's loyalty to family members, maybe it's that they're tired and they're under pressure. So, we can't assume that people are logical. It's a very different starting point.

**Deb Anderson:**

So, from a behaviour science perspective, what sort of influence has social media had on cultural, ethical culture?

**Dr. Attracta Lagan:**

On organisational culture?

**Deb Anderson:**

Yeah.

**Dr. Attracta Lagan:**

It's like it's the last tearing off the corporate veil. Now people can look into organisations. So, when you have media sites like, what's the one where you can rate every organisation in your employer? You can look up immediately and see, are they a good place to work for, where people can take to social media if they feel they've been bullied in the workplace, or if they see that there's obvious conflicts of interest. So, social media to that extent has enabled a speak-up culture, which wasn't really available and isn't really available for a lot of organisations.

On the downside, there's lots of downside as well. Social media has made organisations very vulnerable. Again, if you have that valuable brand name, it only takes one of your employees to tweet out or make a comment that is so against your organisational values, that it calls your organisation into disrepute.

We saw that in ... I don't know if you know the case of the young lady walking her dog in the car park in New York, and a black guy asked her to put her dog on a leash, and she said, "Look, you're intimidating me," and she called the police. And he was filming her on her phone the whole time. And she said to the police, "There's a black guy intimidating me. I'm at such and such a location." So, it was a very provocative statement drawing attention to his colour during the Black Lives Matter.

Well, she lost her job. The financial house that she worked for said, "That's just so completely against our value system. We value our Black employees. That was a provocative statement." So yeah, it has consequences.

Often what we find in ethics is that, people are very good at canvassing the upside of a decision. Okay, "Well, here's this guy hassling me. I'll ring the police and that'll scare him." But what they don't [inaudible] come is the downside, Oh well, the wider context is, we're now in this moment in American history where Black Lives Matter, and I could be seen as being racist and provocative here, and I could maybe lose my job, and I could bring media attention to my organisation. So, didn't canvas as a downside. And that's how we slip over the line. We only canvas the upside, and the downside of a decision is always the ethical dimension. So, we need to be canvassing that as well.

**Ainslie Cunningham:**

So, with the canvassing, the downside, is that something that you take into account when conducting behavioural science in organisations?

**Dr. Attracta Lagan:**

Yes, so again, that's a nudge. If you use an ethical decision-making model, it's a nudge to think much broader about the decision you're making. Again, if you look at the global financial crisis, basically the financial industry, was only canvassing the upside. You know, we will develop these very sophisticated products, we'll be able to sell to new people and new markets. But what they didn't canvas was the potential downside, that you could actually destabilise the financial markets, which is what actually happened.

So, by encouraging people to use an ethical decision-making model, you're nudging them to think much widely, much more widely. And you're nudging them to think not just the short term, but also the long term.

**Deb Anderson:**

What sort of changes are going to have to occur in ethical culture because of COVID?

**Dr. Attracta Lagan:**

Well, COVID has been very good at focusing our attention on the human dimension, the human dimension, the human backstory was always there, but we sort of ignored it. And we talked about human resources, and we use people like almost like other assets of the business. Well, now we realise that human beings are human beings, and you've got to look at both their private life and their public life.

So, for example, many organisations have been very good at trying to reassure their people, their staff, even though they're working from home, that they are still part of the group, making deliberate opportunities for coffee get togethers via Zoom, for CEOs to make some messages to their staff.

So, we're much more aware of the social needs of individuals. As before COVID we really just focused on the economic needs, and we try to ignore all that emotional stuff. Whereas COVID has exposed that, you can't do that if people are down shifting and they're very stressed and they're afraid of what the future will bring, we've got to try and reassure them some way, as we say, "People down shift into what we call foundation values."

And it's up to leaders to push them back into focus values, where they can do the best that they can. Because when you're in focus values, you're basically spending most of your time protecting your back. You're worrying about things; you're worrying about your future. So, by 80% of your time is focused on survival, literally leaves 20% from the job really.

So, it's in the organisation's interest as well to keep you on focus values. Because when you're in focus values, then you can start to think about ... You can actually start to think about the future. So here I'm doing my job today. I'll be working from home remotely for maybe the next six months, but in the future, we'll be able to get back into the office, continue as before, or maybe, hopefully not as before a bit more socially sensitive than we were before.

**Ainslie Cunningham:**

And have you got any really amazing examples of where this behavioural science has actually reduced or eradicated fraud within businesses?

**Dr. Attracta Lagan:**

Okay. Well, I think what behaviour science does, is it helps nurture an ethical culture. So, it's very much systems thinking. Fraud is a symptom of an unethical culture. It's only one of the many symptoms. You know, bullying is a symptom of an unethical culture. Conflicts of interest are a symptom of an ethical culture, as is fraud.

So, when you start, when you start from the beginning premise, leaders can design an organisational culture, to make it as easy as possible for their people to do the right thing. You start to eliminate fraud. So for example, in fraud, specific case, almost just over 50% of frauds are actually ... management is alerted to them by the employees, not by the external auditor, not even by the internal auditor, by employees, sometimes anonymously and sometimes not.

So, organisations are dependent on the pro social orientation of employees, to warn them about possible fraud. Now, the more you can engage with people and their pro social orientations, the sooner you'll actually get alerted to those things that are happening inside the organisation.

So, the challenge for organisational leaders is to design a culture where it's as easy as possible for employees to raise issues of concern. Typically, what happens is that people raise issues of concern, and managers don't know how to respond to it. Because they haven't been promoted for their personal skills. They've been promoted for their technical skills. And so, they might say things like, "Well, it'll sort itself out or don't burden me with this." So, they don't take the appropriate action at the right time.

So, when you design a culture purposely you design it from the perspective the employee has got to raise the fraud issue with their manager first. We know that from the science.

So how do we train those people to respond appropriately. So that the message gets heard, so that the organisation learns very early, where things are unravelling. And it's all about organisational learning. We say, "Don't focus on the person, focus on the context, develop that context." So, get away from the blame game, say, "How did the system fail it's people." rather than blaming the people.

**Deb Anderson:**

I was reading one of your articles. And I think you referred to the 2018 Ernst and Young report about people's reluctance to still lodge whistle blowing complaints.

**Dr. Attracta Lagan:**

Yes, yes.

**Deb Anderson:**

That's part and parcel it's just a lack of-

**Dr. Attracta Lagan:**

I think it's a challenge for leaders. Leaders need to encourage that, they need to even managers, if everyone sat down with their group every week, and said what are the issues you faced this week?

Because we know you'll be facing issues, because there's all these competing tensions between the organisation's values, and getting the business done, and getting the output. So we know those tensions are there. Where were the tensions for you this week? Where were the things that you find challenging?

So, it starts at the top. We say, "Culture is the length and shadow of the people at the top." So if they're not asking those questions, they're not signalling, which is what people, listen with their eyes. So, they're not signalling to people. It's okay to bring up these issues.

So that's the challenge for leaders, to start asking those questions on a regular basis. And sure, in the short term it's going to present many issues, but in the long term, it's not, it's going to give you a very sustainable culture, where you will be forewarned of any issues before you read about them in the media, or someone tells you, someone's talking about it on a chat line or a Zoom,

because that's the thing, if you can't talk about it inside the organisation, people are going to find a way to talk about it outside the organisation and you want people to talk about it inside the organisation. So, you get to learn first and then you can fix it. Yeah.

**Ainslie Cunningham:**

So, from I guess a risk management perspective Attracta and this might not be your field either, but it may be prompting some thought listening to you here. When organisations don't know what they don't know in terms of lead indicators for whistleblower complaints, and measuring culture in an organisation around breaches of code of conduct, and engagement surveys and all those sorts of things that have made their way into this space.

What are the other sorts of things that organisations could be doing from a proactive approach to this area?

**Dr. Attracta Lagan:**

To me, the most critical thing is you must be prepared to measure your culture. Because you can't manage what you're not measuring. And often engagement surveys are taken as a substitute for measuring culture, but they don't measure culture and engagement surveys can be influenced in all sorts of ways. So, I'm not a big fan of them.

When you measure culture. What you're doing is you're saying the organisation says, "These are our values, and these are the behaviours we reward." And then you go into an organisation and you ask people at every level, how do you experience this organisation against those? Is it a safe place to work? Is it somewhere that you would recommend to your friends? Is it somewhere where you feel you can do your best work? So, you're always measuring that gap between the organisation's devised values and how things happen.

The informal culture. Between in informal culture and informal culture. And then what leaders do is they close that gap. Because they recognise that in that gap is all the toxic behaviours that you find the bullying, the fraud, the conflicts of interest. So, the more you close that gap ... and many organisations are really good at doing this.

One of the most famous is probably Zappos. Zappos is an online shoe manufacturer. Do you know them? No. So Zappos is ... well, they've just been bought out, I think by PayPal, but they were on Amazon maybe, but they were America's number one online shoe company. And they value their culture so much that when they get new recruits, they put them through a four-week induction period. And after that four-week induction period, they offer them \$5,000 to walk away if they feel they cannot sign up to the organisation standards and values, that's how much they value their culture.

So rather than that someone, come in and start to undermine and compromise and do things their way, rather than the Zappo way. They're prepared to give them \$5,000 to walk away. That to me is a symbol of an organisation that understands the true value of their culture. And of course, they're number one in their industry. And if you look at any of the employers of choice, you'll find that they are measuring culture and managing culture, and it pays off in that high performance culture.

You can't really get a high-performance culture, unless you measure culture. Yeah. I hope that answered your question.

**Ainslie Cunningham:**

Yeah, definitely.

**Deb Anderson:**

Have you seen any really good examples of culture, turnaround?

**Dr. Attracta Lagan:**

Cultural turnaround I'm trying to think of quickly cultural turnaround. Well, there's an organisation I worked for where

**Deb Anderson:**

Without naming names.

**Dr. Attracta Lagan:**

It was part of the whole GFC debacle. And it was a big insurance company. And so, it was cut off from its American parent, because the American said "We will back out the American arm, but we're not going to be like basically the rest of the world." So, this organisation then decided to float and became an independent IPO independent organisation. And they learned the lesson from the GFC. They said, "We've really damaged our reputation in this industry, or this industry is really damaged our reputation. We only have one chance to get it right again." And so, from day one, after the IPO, they started measuring their culture. And they've been doing that for the next, for the last 10 years. And there's been a huge, turnaround, well, not only are they the third biggest financial company in this area, but they're the employer of choice. So, there are, there are many benefits to it. Yeah. So, yeah.

**Ainslie Cunningham:**

So, have they seen an improvement consistently over time in that 10 year period Attracta?

**Dr. Attracta Lagan:**

Every indice has improved, but what they've done when they operate in 14 different countries, is when they get the benchmark of the culture in each country, they say to the country leaders, "Well, you're not performing as well in this area as say, this other country, go to that country and see what they're doing that you're not doing, and you've got 12 months to improve your indices before we measure you again."

So, it's a button and measuring by itself won't do anything, you actually have to then respond to what you find and set a target for how you're going to improve it. So, it's that constant, continuous learning accepting that culture doesn't stay stand still. You've got to continually be improving it. And of course, the whole governance world has changed so much for organisations now that whereas boards often believe that culture was the responsibility of the CEO.

I did an interview with boards maybe 15 years ago when I was at KPMG, and I interviewed some of the top boards around the country and they said, "Oh, no, no, we're not responsible for a culture. That's the CEOs that his day to accountability."

And then I did the interview with the CEO. So, they said, "We're not responsible for culture. We're only here for three and a half years. And if we don't make it in three and a half years, we're out the door.?" So, I'm being judged on something quite different. Well, that's changed now, post the Royal Commission into the financial insurance industries, boards have recognised that I've got to step up to either appointing a CEO, that can set the right tone in the organisation or ensuring that that CEO is being measured for the culture that emerges under his leadership or her leadership. Rather than letting it just be something that's organic.

If you don't measure culture and manage it, it grows organically. And so, you can go into some organisations and you'll find different cultures in different products. And you know, that's the

length and shadow of the general manager in that area rather than the organisation. So, you've got schizophrenia organisation and like human beings, if you've got schizophrenia, you're prone to break down. So, it's in everyone's interests to make sure everyone's rowing in the same boat in the same direction, or its back to my kayak example.

**Deb Anderson:**

Great analogy.

**Ainslie Cunningham:**

So, you briefly touched before around incentives and that not incentivising in terms of dangling that carrot out in front of employees but creating the culture as a whole. What incentives do you see as being the right retention and attraction model for businesses?

**Dr. Attracta Lagan:**

Yeah, of course it depends on the area of focus of your organisation. If you're a, not for profit, or if you're for profit, for-profits need to question the assumption that people are only extrinsically motivated. Because as I said, the science shows us that we're actually pro-social and people get a lot of satisfaction from being able to help their colleagues. So, for example, instead of having individual rewards, you could have team rewards. So, you could have team members nominate, which team member has contributed the most. Recognition is a very important thing for people, but it doesn't have to be a monetary recognition. It could be recognition, all sorts of recognitions for say the best team player, the most innovative. You could start to have a whole different system of, of rewards available to you. having lunch with the CEO.

I think in many of the big organisations where I work with that would be enormous recognition and kudos for people. Being able to sit in on an Exco meeting, the more people can see how the system works, how the whole of the organisation works, the better they can actually perform. And those are all symbols of recognition.

So, of course, you can have monetary incentives, but the monetary incentives could be shared throughout the department. Getting people to recognise each other is another way of rewarding people. People basically come to work, and they want ... they come to an organisation to work because they want to be part of a bigger story. And we often don't give them that benefit by talking about the bigger story and how that person is contributing to the success of the bigger story. So that we get this hierarchal thing where one of the people at the top were really important. And I'm not really that important. But that syndrome doesn't have to exist. Everyone contributes to an organisation's success. So, recognising that is one of the biggest rewards that you can give people.

**Deb Anderson:**

I think that's a great idea about the executive committee, because they can just go on their own, express their views and views of people that maybe report to them, that don't usually get to that level.

**Dr. Attracta Lagan:**

Yes. So, I missed a question, Deb, did you ask me a question?

**Deb Anderson:**

No, no. I as I was saying, I think it's a great idea, about what you said about they maybe going to an executive committee meeting as a reward for their-



**Dr. Attracta Lagan:**

I know and it would actually benefit the organisation so much because those people, I mean, leadership is at every level and you really want to have someone at every level sitting in on some of those things. So, they get to see how the picture, the whole picture. And once you know how the whole picture gets together, fits together, you can find your place and increase your contribution. Now, the really funny thing is that the science tells us that's critical for females. They actually have to see the big picture first, and then they can find out how to fit into that big picture, not so critical for males for some reason. Yeah.

**Ainslie Cunningham:**

With the before, when you were talking about the different pockets of culture and fraud, and conflicts of interests and things like that, is there when you go into an organisation, do you conduct a cultural audit or how does that work?

**Dr. Attracta Lagan:**

Yes, yes. It's a cultural audit. So, it works on three levels. So, we would go in and we would do focus groups across each section in the organisation. We would do one to one interviews with the leadership team, because what we're trying to see is there a shared idea, shared success formula for the organisation, because believe it or not, when you go into the leadership team, people often assume that everyone thinks like me. And the first thing that we discover when we do a cultural audit at the top, is that not all the leaders are thinking in the same way.

So, you've got your cross section, focus groups, you've got your individual one to ones, and then we do an electronic diagnostic through an organisation. So, the last organisation, we worked with had 135,000 employees. So, there's no way we were going to be able to do you know, focus groups with everyone.

So, we did focus groups a representative sample of the organisational size. We did the one to ones with Exco members, and then we sent in an electronic survey. And so, we're comparing those three sources of truth basically. And what you find often is that the view from the top is much rosier than the view from the bottom.

And then you've got a different view in the middle. And then what you do with the results is that you feed it back to each of those three groups. So, we're verifying. Is this your experience? What perhaps is leading you to this conclusion? What needs to happen for you to change your idea of how things happen here? We all suffer from 173 biases and shortcuts in the way we think this is what the science tells us.

So increasingly we're challenging people to think about the assumptions they bring to the table, because you're not coming into an organisation. You're not developing your strategy from square one. You're actually projecting onto your strategy, all your assumptions, people are inherently lazy, people aren't self-motivated, all those other things.

So, you've got to surface all those assumptions. So, for example, the science tells us most people see themselves as ethical. We actually see ourselves as ethical people. So, when they're forced to do e-learning in ethics training programs, they dismiss it as not relevant to them because I'm an ethical person. So somehow when you do ethics training, you've got to flag from the very beginning look, "We knew you're an ethical person, but here's the contextual pressures that will challenge you." So, for example, the biggest sociological pressure in every organisation is the pressure to go along, to get along. And it actually gets stronger, the higher up the organisation you go. So, we see that in boardroom dynamics, we saw that recently with the AMP debacle, where people went along with an opinion led by the chair.

So, you go along to get along. So, you surface all of that. And then you can help people learn better, because you're saying to people, I know where you're starting from, but that's not always in your control. You'll find yourself in a context where it be time pressures, budget pressures, peer pressures, loyalty to the group pressures. They will push you over the line because we have the science to show that. So how will you offset that? How can we design an environment that offsets that? That's what we talk about designing the organisational culture.

**Ainslie Cunningham:**

And is that something that you then go in and help that organisation design as well, Attracta, and implement it?

**Dr. Attracta Lagan:**

Yes. People inside the organisation always know the best ways they know, they know the methods work best in that organisational context. So, I can bring in the science. I can inform people about their biases. I can train people how to use an ethical decision-making model. So that would be a nudge to make the right decision. We also have lots of other sort of choice architecture it's called.

So, for example, they've found that just putting a poster on trading a poster with a set of eyes on trading room floors increases the level of honesty. So, every treasury department, anywhere where people are handling money should have set of eyes. So that's a nudge to be more honest, it just, it pushes us out of our reactive mode into a more conscious mode or as Daniel Kahneman says, we operate out of system 1 and system 2 thinking or fast thinking and slow thinking fast thinking is basically habitual. It's reactive.

So, we've always done it this way. Whereas slow thinking is actually reflective. So, when you're asked to use an ethical decision-making model, you're asked to be much more reflective. When you see a set of eyes, you're being nudged to be more reflective. What does that mean? Someone's watching me, so you can nudge people.

You can prime people. Now how you prime people is that you give them information at the point of the decision. So, for example, if someone's placing a large order or it's Christmas and there is potential of vendor gifts, you give them the information at that point, remember it's against company policy to accept gifts over \$50. So, you're priming people to make the right decision.

It's the same in our personal lives. If you want to lose weight, you can prime yourself. You can design your environment by first of all using a smaller plate. The science tells us if we eat off smaller plates, we actually eat less. So, there's a way you can design your environment, so you can act out the way you want to act out. Make the right choice. These interventions help people make the right choice for them, not just for the organisation.

**Deb Anderson:**

So, the colour of the eyes on the poster that make a difference?

**Dr. Attracta Lagan:**

I think it probably would actually, because the more realistic it is the more effective it is. I notice it now, when I go to major sporting events, there are sets of eyes around training grounds, where people have left their kits when they're playing football or whatever. You'll see sets of eyes around the training room. And that's basically to remind people, not to steal from people's kits. Yeah.

**Dr. Attracta Lagan:**

Tiny little interventions that don't cost a lot of money but have enormous consequences really. And for the better. So, it's so frustrating for me as a social scientist, that we don't use this tool kit,

that from behaviour science to make it as easy as possible for people to do the right thing. Instead we espouse all this high-falutin values and posters on values and things, which really if people aren't modelling the behaviour, what that's actually down time shifting people, because they're saying, "We're told to do one thing, but we see a different type of behaviour." So, they down shift because they feel cheated. And then what does the science tells us?

Because they feel cheated. They cheat the organisation; you've set up that dynamic. So, you want to stop people cheating in the organisation. You've got to stop treating them.

**Ainslie Cunningham:**

So, in large organisations, obviously it's a more complex business model. It can be, you mentioned before 135,000 employees for one of them, surely that's quite a large turnaround type strategy, especially where there might be a poor culture or a toxic culture, that's been evolved over time. For small to medium enterprises. Is it something that, what are the top three things that they could be doing now that might help cultivate a culture that grows over time that is the right culture from the beginning?

**Dr. Attracta Lagan:**

Yeah, I'll go back to the beginning, again. The science tells us the micro and the macro are interdependent. So, you work on the micro level, every GM works on their area and the macro fixes itself. So, it's the same with small companies. So, you begin with step one, the organisation, no matter which size is the length and shadow of the people at the top.

So, what is the behaviour I'm role modelling? This is challenging because leaders are going to have to go and ask their people. What is it that you see me role modelling? What are the messages I'm sending you? And are they the right messages? Or is it that you're under pressure? And you're operating an out of system 1 thinking you were just reacting is because you are the message. So, get your message right. And then align your behaviour to your message.

So that's the most important thing. The second thing would be ... So, first of all there's that ... But then to even do that, you've got to ask for feedback. So, asking every person that says they're a leader, or that they have people reporting to them, should be asking for regular feedback. Because otherwise we're blindsided. It's the only way we can actually learn about ourselves and our impact is if we get that feedback.

So, modelling the right behaviour from the top, making sure that it's an organisation that seeks feedback, so it can learn and improve, asking how the systems can be improved. How can we make the system better so that you can perform better? That's the equation. So, everyone asking that question of the teams that they lead, and then lastly measuring it. I don't care we have done cultural audits for lawyers, a 20-person law firm.

You will know being both lawyers that often more firms are like 20 little different businesses inside under the one banner. So how do you align those 20 small businesses together under the brand name? So, measure. Measurement is very important. So, role-modelling starting at the top. Role modelling, asking for feedback, measuring and accepting that you can design your culture. Culture, if you don't design it, it will design you. That's basically the bottom line. If you're not designing culture, it's going to shape you in many ways, because the context will push you in many ways. So, there's your challenge.

**Deb Anderson:**

Yeah. Putting ego aside really? Isn't it?

**Dr. Attracta Lagan:**

Yes. And the great thing is most people want to do the right thing. The leaders want to do the right thing. They want what's best for their organisation. They want what's best for their people. Here

we have a new tool kit in behaviour science that says, "We're going to help you do that. All you have to do is use the science, stop going on your assumptions, stop acting out of your biases. Use the science and design a culture that suits your business context and suits your people."

**Ainslie Cunningham:**

Fantastic. Well, Deb, did you have any more-

**Deb Anderson:**

I was going to say If anybody wants to get in contact with you Attracta, where can they find you?

**Dr. Attracta Lagan:**

Oh. Yes. So, our website is [www.values.v-a-l-u-e-s.com.au](http://www.values.v-a-l-u-e-s.com.au) And we're on there says, [values.com.au](http://values.com.au). Love to hear from anyone if they're interested.

**Ainslie Cunningham:**

Fantastic. And we'll include all your contact details in the show notes and everything like that as well.

**Dr. Attracta Lagan:**

Thank you very much for having me and listening to my story.

**Ainslie Cunningham:**

Thank you so much, for coming on today, Attracta we've really enjoyed it. And is there any top tips you want to leave our listeners with before you go today?

**Dr. Attracta Lagan:**

Well the ethical dimension is really quite simple. All you have to do is ask yourself, Am I having a positive impact on people, or am I having a negative impact on people? Because we're never neutral. And then if you accept that that's the ethical dimension, the potential to negatively impact on people, then you can start to think about what's the alternative avenues open to me to minimise that negative impact. But don't say you're not impacting on people.

So, ethics is really that simple. Am I part of the positive story, am I part of the negative, and hopefully everyone will step up and say, "I want to be part of the positive story."

**Ainslie Cunningham:**

Fantastic. Thanks, Attracta.

**Dr. Attracta Lagan:**

Thank you very much.

**Outro:**

That's all for today. Until next time, happy podcasting. And remember if you're enjoying the show, check out our other episodes and all things governance at [www.3ysowls.com.au](http://www.3ysowls.com.au).