

Originally published in Tijdschrift voor Compliance (in Dutch):

C. A. Christensen, E. F. Van Steenberg, T. Coffeng, L. R. Wiegman, N. Ellemers (2018), Bouwen aan een gezonde organisatiecultuur in de financiële sector: inspiratie voor compliance officers met lef. *Tijdschrift voor compliance*, 3.

Building a healthy organisational culture in the financial sector: inspiration for compliance officers with guts

Drs. C. A. Christensen, Dr. E. F. van Steenberg, Drs. T. Coffeng, Drs. L. R. Wiegman and Prof. N. Ellemers¹

Keywords: *vision, building blocks, organisational culture*

1. The 'why' of researching culture in the financial sector

Organisations encounter a range of behavioural risks when their employees do not feel safe to speak their minds, when critical questions are not asked, and when the top echelons fail to act as good role models. An organisational culture of this kind can undermine employee satisfaction and diminish people's enthusiasm for their work. It can also impact the services provided to customers. This is where it gets particularly important to The Dutch Authority for the Financial Markets (AFM), which advocates an organisational culture at financial undertakings that encourages honest and transparent services. The members of the AFM Behaviour & Culture expert team develop methods for investigating behaviour and culture in the financial sector, and for related interventions. This makes it possible to identify and mitigate any potential behavioural risks at an earlier stage, thus preventing societal damage². What is more, an increasing number of financial undertakings are working to achieve a healthy organisational culture. Compliance officers can first determine which elements of a healthy organisational culture are really important, then foster these elements within their own organisations, thus preventing high-risk behaviour wherever possible.

Who are 'we'?

The AFM Behaviour & Culture expert team builds bridges between science and everyday practice, by linking knowledge from social and organisational psychology to supervisory issues. In 2016, the AFM established a long-term partnership with Utrecht University to strengthen this exchange of knowledge. In this article, we present our vision of a healthy organisational culture in the financial sector. We also provide guidance by identifying the building blocks that contribute to this.

The impact of organisational culture on employee behaviour is often acknowledged but, at the same time, this is seen as being a rather 'woolly' subject. How can you tell which elements are important and which are not? How do you exploit them for management purposes? The AFM Behaviour & Culture expert team aspires to make culture tangible for financial undertakings. We do so by identifying – and making measurable – specific 'building blocks' of a healthy organisational culture. These have a range of effects, including a positive impact on employees' ethical behaviour, quality improvements in the services provided to customers, and improved performance by the undertaking as a whole. This makes working on cultural change attractive from a business perspective (such as the undertaking's earning capacity) as well as from an ethical or societal perspective (for example, services provided to customers and employee wellbeing). These building blocks of a healthy organisational culture are identified on the basis of scientific understanding and insights from everyday supervisory practice. As a result, the AFM Behaviour & Culture expert team

¹ The Dutch Authority for the Financial Markets, Behaviour & Culture manager; The Dutch Authority for the Financial Markets, Senior Supervision Officer Behaviour & Culture, and Utrecht University, university lecturer; The Dutch Authority for the Financial Markets, Supervision Officer Behaviour & Culture, and Utrecht University, doctoral candidate; The Dutch Authority for the Financial Markets, Supervision Officer Behaviour & Culture; Utrecht University, university professor.

² More information about the AFM Behaviour & Culture expert team can be found at: <https://www.afm.nl/en/professionals/onderwerpen/gedrag-cultuur>

is always on the lookout for new and relevant building blocks. This involves searching the scientific literature and using those involved in AFM’s standard supervisory tasks, other supervisory authorities, and financial undertakings as a sounding board. Next, we make these building blocks measurable and test them thoroughly in the financial sector, with a view to developing a range of specific methods. We plan to make these methods available to financial undertakings, who can then use them to conduct their own investigations and interventions in the area of behaviour and culture. This approach, which involves inspiring, spurring on, and facilitating, is intended to provide more guidance to financial undertakings’ efforts to foster a healthy organisational culture.

The AFM Behaviour & Culture expert team conducts its investigations in the Dutch context, as does the Dutch Central Bank (DNB), which supervises behaviour and culture in the financial sector from a prudential perspective. Studies of behaviour and culture in the financial sector are not restricted to the Netherlands. Supervisory authorities in other countries, such as Great Britain’s *Financial Conduct Authority* (FCA), are also implementing measures aimed at making a healthy organisational culture tangible and at spurring its adoption by the financial sector. These national and international insights into behaviour and culture are relevant for compliance officers in the financial sector who are keen to further the dialogue about organisational culture in their own organisation and to seek ways of improving the status quo in this area. This article sets out our vision of the building blocks of a healthy organisational culture in the financial sector. Based on this, we put forward several recommendations for compliance officers who wish to foster a healthy organisational culture in their own organisation. We conclude with our ambitions for the future.

2. What are the building blocks of a healthy organisational culture?

We define the building blocks of a healthy organisational culture in the financial sector as those elements of an organisation’s culture that have a positive impact on the way it treats its customers, and on other relevant outcomes that are important for organisations (Figure 1). We cover a range of building blocks of a healthy organisational culture in this article, including ‘balanced decision-making’, ‘fair rewards and recognition’ and ‘learning from errors’. The scientific literature shows that when financial undertakings incorporate the building blocks of a healthy organisational culture into their own organisational culture, this can generate improvements in: (a) the ethical behaviour of employees, (b) the quality of services provided to customers, (c) the undertaking’s financial performance, (d) the learning capacity of an undertaking at the individual, team and organisational level and (e) employee wellbeing³. Accordingly, these building blocks are expressly formulated in a positive light because our research focuses on cultural elements that make a positive contribution to these outcomes.

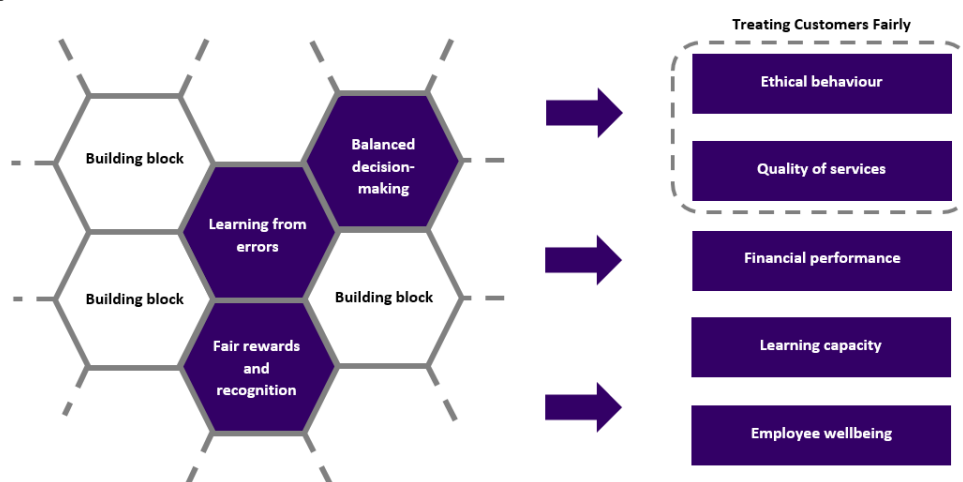


Figure 1. Building blocks of a healthy organisational culture in the financial sector.

³ See for example: A. C. Edmondson (1999), Psychological safety and learning behavior in work teams, *Administrative Quarterly*, 44; I. Larkin, L. Pierce (2015), *Compensation and employee misconduct: the inseparability of productive and counterproductive behavior in firms*, Cambridge: Cambridge University Press; D. Lovallo, O. Sibony (2010), The case for behavioral strategy, *McKinsey Quarterly*, 2.

AFM's main focus is the extent to which financial undertakings give central priority to the customer's interests (i.e., 'treating customers fairly'). The customer is a consumer who purchases the financial product, the service or the instrument. However, 'customer' can also be defined in broader terms, meaning that financial undertakings that give central priority to the customer's interests are taking a more general approach to societal responsibility. They are also aware of the impact of their activities in terms of the public interest. Thus, giving central priority to the customer's interests can be seen as a combination of ethical behaviour on the part of employees and high-quality services provided to consumers (Figure 1). Moreover, society's interest is served if central priority is given to the customer's interests and if financial undertakings operate in a stable manner. If this is the case, consumers and investors will be able to rely on the services and products they purchase from financial undertakings.

Customer's interests or customer satisfaction?

The customer's interests are often confused with customer satisfaction, yet there is a critical difference. Stated succinctly, customer satisfaction means the organisation makes every effort to give customers a positive view of their contacts with the organisation. This could involve quick service, good accessibility, or dealing with complaints promptly, for example. These factors are important in terms of recruiting and retaining customers, but they are only part of the story when it comes to the customer's interests. An organisation that gives central priority to the customer's interests asks itself how the customer's needs can best be met. This can be done by developing products or services that provide sufficient added value for the customer's situation. The long-term, complex nature of many financial products means that customers are less able to oversee the long-term effects involved or to compare them with other products. This imposes a greater responsibility on the selling party to determine whether the financial service in question is of genuine benefit to the customer. They must then communicate their findings in this matter clearly and honestly.

In financial undertakings that ignore the building blocks of a healthy organisational culture, employees are at greater risk of making decisions and of displaying behaviour that do not benefit the abovementioned outcomes. Accordingly, the AFM Behaviour & Culture expert team expects financial undertakings to keep a healthy organisational culture firmly in mind as they go about their everyday business. The description of our vision of the building blocks of a healthy organisational culture is definitely not intended as a specific organisational culture requirement that should be mandatory for all financial undertakings. However, it can trigger undertakings to consider which elements are characteristic of their own organisational culture. Focusing on specific building blocks can help them determine which cultural elements in their undertaking require the most attention. Thus, it is up to the financial undertakings themselves to determine how exactly they might implement a healthy organisational culture. Even if high 'scores' are achieved in terms of the building blocks we have identified there is no guarantee that the supervisory authority will be satisfied. The reason being that other elements of the organisational culture may still be unhealthy. Thus, the AFM strives to provide tools that encourage financial undertakings to gain an insight into their own organisational culture. Below, we describe several ways in which the AFM Behaviour & Culture expert team identifies building blocks. This is followed by an explanation of the three building blocks shown in Figure 1.

Application of existing scientific knowledge

We use information about behaviour and culture (gained from our in-depth explorations of the scientific literature) to identify the building blocks of a healthy organisational culture. In the area of social and organisational psychology, for example, research into the impact of cultural elements in organisations spans many decades. This involves the impact of cultural elements on employees' behaviour (including ethical behaviour), their wellbeing (such as enthusiasm) and their performance (in terms of sales figures, for example). Research is also being carried out into the impact of the organisational culture on outcomes such as an undertaking's learning ability or its financial performance. When identifying relevant building blocks in the financial sector, a fundamental requirement is that the cultural element in question must be strongly related to the outcome prioritised by the AFM – which is giving central priority to the customer's interests. Besides contributing to this outcome, the building block should ideally deliver a range of outcomes that are positive in terms of business in particular and society in general. For instance, the scientific literature shows that

an ‘error management culture’ is positively related to the quality of customer services, as well as other factors, such as improvements in the undertaking’s financial performance.

Using different stakeholders as sounding boards

The AFM Behaviour & Culture expert team works closely with those involved in AFM’s standard supervisory tasks, other supervisory authorities, and financial undertakings. Firstly, we use signals from supervisory practice concerning possible obstructions in the organisational culture at institutions that are subject to supervision. This ensures that, as far as possible, the building blocks we select are in keeping – both in terms of relevance and urgency – with the supervision of the financial sector. This may include disturbing outcomes of supervisory investigations or a gut feeling that something is wrong, following a supervisory meeting. This includes matters such as specific signals about shareholders who appear to have a very dominant voice within an undertaking. Alternatively, there may be general signals that employees feel there is insufficient security and scope for them to voice their opinions and concerns. The ‘learning from errors’ building block was highlighted by a question from those involved in AFM’s standard supervisory tasks. They wanted to know about various aspects of incident management in the trading chain, other than purely factual matters. It is important for any investigation into culture to consider both sides of the matter – the ‘hard’ structural side and the ‘soft’ cultural side. Close cooperation with those involved in standard supervisory tasks holds out excellent prospects in that regard. Accordingly, in the interests of achieving a healthy organisational culture, it is essential for this to be in line with the undertaking’s existing systems, procedures and processes. Secondly, we are building on investigations conducted by fellow supervisors who are involved in behaviour and culture. For instance, DNB has already extensively investigated behaviour in the boardrooms of financial undertakings, such as the role-model behaviour exhibited by – and communication with – the top echelons⁴. We take these insights into account when researching culture. For instance, when assessing the development of an error management culture, we determine whether this is primarily driven by the role-model behaviour in this area exhibited by the top echelons. Thirdly, we are continuously in contact with financial undertakings concerning themes that touch on behaviour and culture. In the course of presentations at institutions that are subject to supervision, we itemise their views on the building blocks that could usefully be investigated within their own organisations. We will return to this matter later on in this article. In addition, we will give details of our ambition to involve financial undertakings even more closely in the work of identifying new building blocks.

Thoroughly testing building blocks in the financial sector

Every building block is thoroughly tested and assessed at financial undertakings. For this purpose we combine several methods of investigation (triangulation) such as desk research, online questionnaires, questions posed to HR staff, as well as interviews and observations. The goal is to obtain the most accurate picture possible of the cultural element in question within various undertakings. It is important to collect as many data as possible, to validate our statements concerning the culture of an organisation. In practice, however, there are always some investigations where this is not possible. If this is the case, then various options are available. For instance, the emphasis could be shifted to an expanded questionnaire study. Also, several interviews could be held with random employees, to further nuance these results (as happened when investigating the ‘learning from errors’ building block). In addition, a statistical assessment is carried out to determine whether the cultural element in question is indeed related to giving central priority to the customer’s interests, and to the other anticipated outcomes. We only identify the cultural element as a ‘building block’ when it becomes clear that both a reliable image arises and that there is a significant link with the anticipated outcomes. The thorough testing of building blocks in the financial sector gives the AFM and financial undertakings a more accurate picture of the important cultural elements they need to target. It is also an opportunity to test psychological methods in practice, which provides us with new scientific insights. This approach to the investigation of new cultural elements will enable us to identify additional building blocks of a healthy organisational culture in the future.

⁴ One useful source is DNB’s book entitled ‘Supervision of Behaviour and Culture’, which was published in 2015: https://www.dnb.nl/binaries/Supervision%20of%20Behaviour%20and%20Culture_tcm46-334417.pdf

Accordingly, the three building blocks we have identified since 2016, in the course of researching culture, are not necessarily more important than any other potential building blocks.

Those three building blocks are ‘balanced decision-making’, ‘fair rewards and recognition’ and ‘learning from errors’. These are explained in detail below, both for the purpose of illustration and as a source of inspiration.

2.1 Balanced decision-making

Decision-making processes at financial undertakings (including the process of developing financial products) can have a major impact on customers. A lack of balanced decision-making could, for example, result in the marketing of products and services that are not in the interest of customers. That could cost customers, or society as a whole, a great deal of money. We define ‘balanced decision-making’ as a careful weighing of the interests of all stakeholders – including customers. Thus, to ensure a balanced discussion of all the interests involved, it would appear to be important for financial undertakings to be aware of the decision-making processes and group dynamics during decision-making. What is more, as the scientific literature shows, organisations that actively try to improve their decision-making processes perform better financially⁵. The AFM Behaviour & Culture expert team investigated strategic decision-making by the boards of five small to medium-sized banks (by means of desk research, interviews and observations). In December 2017, AFM published a report of this work, entitled ‘Balanced decision-making: dealing with blind spots’⁶. This investigation confirms that these boards have blind spots, which often have an unintended impact on decision-making. Some matters are so self-evident to them that they are no longer mentioned. This is what we refer to as a ‘shared frame of reference’, which is often a result of that organisation’s own history, vision or mission. The limited testing of arguments that support the organisation’s frame of reference is almost a formality, while dilemmas that are not in line with this framework are almost completely overlooked. The investigation also showed that boards give scant consideration to the group process involved, and to the dynamics between those responsible for decision making. In short, boards devote almost no attention to the underlying decision-making processes, which was found to undermine their ability to make balanced decisions. Based on the investigation, the AFM Behaviour & Culture expert team put forward various techniques to help reduce the impact of blind spots, by introducing pauses for thought, for instance. These would allow those present to specifically consider whether the matter in question involved (or involves) customer satisfaction or the customer’s interests (see the handout entitled ‘Dealing with Blind Spots in Decision-Making’). The AFM is currently fine-tuning this method so it can be made available to any financial undertakings that want to put this building block to practical use.

2.2 Fair rewards and recognition

The issue of an organisation’s remuneration policy is a *hot topic* for society. The public debate often centres on the salaries and bonuses paid to an undertaking’s top echelon. The ‘fair rewards and recognition’ building block goes further, however. What is actually being rewarded and recognised in the organisation as a whole? Put another way, what behaviour does an employee need to display to get a salary increase, a bonus, promotion, or compliments from their boss or their co-workers? Does this mainly involve hitting commercial targets or can employees also ‘score’ by acting in the interest of the customer? The nature of those things that are rewarded and recognised in an organisation tends to steer the behaviour of its employees. This, in turn, has an impact on the services provided to its customers. As long ago as 1975, management guru Steven Kerr observed that it does not make sense to expect behaviour B if you reward behaviour A. We are investigating the way in which incentives are perceived by employees themselves. In this context, we examine the organisation’s remuneration policy, and any performance and development agreements that have been reached. We also take account of the employees’ views concerning the management’s goals and the top echelons’ role-model behaviour. There is a great deal of evidence in the scientific literature that performance management and reward systems steer the behaviour of employees. This includes any ethical and unethical behaviour. If employees feel that they

⁵ R. B. Adams, B. E. Hermalin, M. S. Weisbach (2010), The role of boards of directors in corporate governance: A conceptual framework and survey, *Journal of economic literature*, 48; D. Kahneman, D. Lovallo, O. Sibony (2011), Before you make that big decision, *Harvard Business Review*, 89; D. Lovallo, O. Sibony (2010), The case for behavioral strategy, *McKinsey Quarterly*, 2.

⁶ For the report entitled ‘Balanced decision-making’ and the handout mentioned above, see:

<https://www.afm.nl/-/profmedia/files/onderwerpen/consument-gedrag-cultuur/balanced-decision-making-dealing-with-blind-spots.pdf?la=en>

are being rewarded and recognised unfairly and that targets are high (even excessively so), they may experience feelings of envy or stress, which can make unethical behaviour more likely⁷. At the end of 2018, the AFM Behaviour & Culture expert team will carry out an investigation involving several financial service providers and insurers. The topic will be fair rewards and recognition, and how this impacts acting in the interest of the customer on the one hand, and employee wellbeing on the other. The investigation, which is focused primarily at the employee level, is conducted by means of questionnaires, interviews, desk research and questions posed to HR staff. This is expected to deliver a specific method for determining the extent to which employees feel they are being rewarded and recognised fairly.

2.3 Learning from errors

What is an error? We define an error as something that is not intentional, thus something that goes wrong unintentionally. Matters such as fraud and misconduct are not regarded as errors. Those organisations that have an ‘error management culture’ tend to learn from their mistakes. An organisation is said to have an error management culture if it has an active internal error reporting system, and if its employees dare to admit their errors and see this as an inevitable part of human activity. Errors are detected, analysed and corrected quickly and knowledge is actively shared within the organisation, with a focus on learning and taking effective improvement measures. The literature shows that an error management culture contributes to the learning ability of an undertaking, to the ethical behaviour of employees, and to improvements in the quality of services provided to customers. It also improves the performance of an undertaking as a whole⁸. In October 2017, the AFM published a report entitled ‘Learning from errors; towards an error management culture’⁹. This concerned an investigation (questionnaires and interviews) at 13 financial undertakings that operate within the infrastructure of the capital markets. It presented clear differences between the undertakings. Some undertakings achieved high scores across the board. People communicated openly and honestly about errors, managers encouraged this open approach to dealing with errors, and lessons were learned from errors within the undertaking as a whole. Moreover, no blame was attached to employees who made or reported an error. Instead, they were actually seen as being sharp and clever because, by their actions, they were drawing opportunities for improvement to people’s attention. This was less the case at other undertakings. There, employees were less positive about the leadership displayed with respect to the handling of errors. The same applied to their views of the role-model behaviour displayed by the top echelons. The employees also indicated that they were given too few opportunities to contribute ideas on how to prevent errors from occurring in the future. The AFM shared details of the method used in this investigation at its website¹⁰. The AFM also presented a series of master classes entitled ‘Learning from Errors’, to generate interest and enthusiasm for this building block among undertakings.

3. Inspiration for compliance officers with guts

Compliance officers play an important part in fostering a healthy culture within their own organisation and in mitigating any behavioural risks. By facilitating others and spurring them on, they can trigger (or advance) a dialogue about organisational culture, and then seek opportunities for improvement. They are not the only key figures in this process. The managing board plays an important role in emphasising the importance of a healthy organisational culture and in creating support within the organisation. Given their area of responsibility, HR staff can play an important part in rolling

⁷ J. A. Colquitt (2001), On the dimensionality of organizational justice: a construct validation of a measure, *Journal of applied psychology*, 86; I. Larkin, L. Pierce (2015), *Compensation and employee misconduct: the inseparability of productive and counterproductive behavior in firms*, Cambridge: Cambridge University Press.

⁸ A. C. Edmondson (1999), Psychological safety and learning behavior in work teams, *Administrative Quarterly*, 44; M. Frese, N. Keith (2015), Action errors, error management, and learning in organizations, *Annual review of psychology*, 66; U. Gronewold, A. Gold, S. E. Salterio (2013), Reporting self-made errors: The impact of organizational error-management climate and error type, *Journal of business ethics*, 117; G. J. Homsma, C. Van Dyck, D. De Gilder, P. L. Koopman, T. Elfring (2009), Learning from error: The influence of error incident characteristics, *Journal of Business Research*, 62; C. Van Dyck, M. Frese, M. Baer, S. Sonnentag (2005), Organizational error management culture and its impact on performance: a two-study replication, *Journal of applied psychology*, 90.

⁹ See for the ‘Learning from errors’ report: <https://www.afm.nl/~/-/profmedia/files/onderwerpen/consument-gedrag-cultuur/report-dealing-with-errors.pdf?la=en>

¹⁰ See for the ‘Learning from errors’ example survey: <https://www.afm.nl/~/-/profmedia/files/onderwerpen/consument-gedrag-cultuur/survey-error-managementculture.pdf?la=en>

out the practice of researching culture within the organisation and in encouraging improvements. There are often many other ‘change managers’ who can help to foster a healthy organisational culture. In this way, listed undertakings can become more attuned to the importance attached to a healthy organisational culture in the Dutch Corporate Governance Code. For instance, the code states that: ‘The managing board is responsible for shaping a culture aimed at long-term value creation by the company and its affiliated business’¹¹. However, it can sometimes take real guts for compliance officers to drive cultural change. This is because there are still some organisations where compliance lacks a clear role in the process of stimulating cultural change. With this in mind, several recommendations on researching culture are included below, followed by tips on how to implement interventions in the area of behaviour and culture.

Success factors for researching culture

Are you keen on researching culture yourself? The methods we share with the financial sector can be used to quantify the presence of specific building blocks within the organisational culture. They can also highlight any differences between individual units and between employees with different job levels, for example. This shows that, for the purposes of diagnosis, it is important to identify any differences between the policy as it exists ‘on paper’ and the way it is actually ‘perceived’. These insights allow compliance officers to put practical measures in place that will strengthen the building blocks within their own organisation. Below (Table 1), we have provided several success factors for researching culture.

Table 1

Success factors for researching culture	Explanation
Involve relevant stakeholders in the design, execution and interpretation of the investigation.	Efforts to boost support for the work of researching culture, and its impact, often require the involvement of relevant stakeholders (such as the responsible board member and the head of HR) at an early stage in the investigation’s design, implementation and interpretation phases. It is important to ensure that behaviour and culture remain on these key figures’ agendas. In this way, the insights and interventions gained from researching culture will be safeguarded within the organisation.
Make culture as tangible as possible.	In the context of researching culture it is important to make a topic tangible. Take a single topic as starting point, rather than trying to capture every aspect of the organisational culture at one go. For example, a ‘learning from errors’ investigation focuses specifically on an organisation’s ability to actually learn from its errors. An internal investigation can then help to identify any potential bottlenecks.
Use various methods of investigation (triangulation).	Combine various quantitative and qualitative methods of investigation to obtain an image that is as objective as possible. These methods can include desk research, interviews (individual and group), a questionnaire, and – if possible – observations. Questionnaires give a broad-based image, while interviews and observations provide the results with more nuance. In this connection, it is important to have a representative group of participants for each individual method of investigation. This will ensure that the findings are as meaningful as possible for the organisation as a whole.
Use scientific insights and validated methods wherever possible.	Combining scientific knowledge (including social and organisational psychology) with practical knowledge about the organisation delivers relevant outcomes that it can put to real use. One example is the role-model behaviour exhibited by managers, another is the sense of safety within teams. The scientific literature often includes validated methods for topics of this kind, methods which provide a basis for making reliable statements. However, undertakings that do not have a direct partnership with a scientific institute often have difficulty in finding details of these methodologies. Also, in the case of surveys, the undertakings themselves often have to re-phrase these questionnaires in terms of their own organisation’s everyday practices, to ensure that the participants will be able to identify with the questions. That is why we share details of the methodologies we have validated at the

¹¹ For more information about the Dutch Corporate Governance Code, see: <https://www.mccg.nl/de-code>

	AFM website, wherever possible. Organisations can then use these methodologies for their own internal investigations ¹² .
Compare different units and/or teams.	Comparing units or teams in terms of what is going well and what needs improvement makes it possible to learn more effectively from the findings. This helps formulate specific recommendations per unit or team. As a result, managers and employees are better able to identify with the recommendations and will be more willing to institute changes. This is also important as there is no specific legal or absolute standard for how organisations should ‘score’ in terms of cultural elements.
Find out whether there is a difference between managers and employees.	Managers are often more positive than employees when it comes to themes such as learning within the organisation. It is worth finding out whether this is also the case within the undertaking’s own organisation. If it is, then a dialogue should be triggered between employees and managers about where any differences in perception might have originated.
Use the answers from the undertaking’s own organisation.	It may be effective to use the answers provided by the undertaking’s own employees (anonymously, of course). This will make it possible to better interpret the findings when providing feedback to the organisation’s top echelon. This will bring the investigation’s findings to life, and give them an added nuance. Moreover, this works well because there can be no debate about it. After all, these are the findings and opinions of employees within the undertaking’s own organisation.
Repeat the process of researching culture.	Culture needs to be measured repeatedly, to provide insight into the development of culture within the organisation and to assess the effectiveness of any interventions. It may help to link this to existing annual investigations within the organisation, such as employee satisfaction surveys, to ensure that the topic of behaviour and culture remains a permanent item on the agenda. We will select a number of key questions for each individual building block and share these with the financial sector via the AFM’s website. This will enable the building blocks of a healthy organisational culture to be included in investigations of this kind.

From insight to intervention

Performing investigations and gathering insights are important first steps towards fostering a healthy organisational culture. The compliance officer can subsequently boost support and improve the quality of actions, by involving stakeholders (e.g. employees, managers, the head of HR, the responsible board member) when formulating and performing interventions. Thus, researching culture would be an initial intervention. The table (Table 2) below includes the follow-up steps that can be implemented to move from insight to intervention.

Table 2

From insight to intervention	Explanation
See investigation as an intervention.	When an investigation is launched, this is a signal to the organisation that a theme has been placed on the agenda. This encourages employees (for the first time, in some cases) to consider specific elements of their organisational culture. This may lead to an interesting effect, in that the investigation can create expectations among those involved concerning issues such as the quality of decision-making or learning from errors.
Share the results of the investigation with those who participated in it.	It is important to share the results of the investigation with all those who participated in it. This is a way of rewarding the participants’ efforts, by making it clear that the opinions they expressed were put to good use. It also motivates them to implement the findings.
Involve those who participated in the investigation in the work of interpreting the results.	Hold sessions with those who participated in the investigation, for the purpose of interpreting the findings and designing interventions. Allowing people to contribute has a positive impact on the quality of the interventions and on support. Invariably, the best intervention is always the one that really motivates those who need to change.

¹² The methodologies we have validated are currently only available in Dutch, see: <https://www.afm.nl/nl-nl/professionals/onderwerpen/gedrag-cultuur-bouwstenen>

Use effective examples when formulating recommendations.	When focusing on what needs to be improved, it is also important not to lose sight of any good examples identified during the investigation. This provides a starting point when formulating recommendations. It also shows what is already being used in practice (albeit on a small scale).
--	---

4. Conclusion

The AFM Behaviour & Culture expert team aims to make building blocks of a healthy organisational culture tangible and measurable. This will give a better understanding of the behaviour and culture exhibited by financial undertakings. In this way, it will be able to identify and mitigate potential behavioural risks at an earlier stage, thus avoiding societal problems. This is in line with the AFM’s ambition to make supervision more forward-looking. Our goal is to inspire undertakings to get started with the work of fostering a healthy organisational culture. As part of this effort, we are developing methods for every building block and sharing these with the financial sector. We believe it is important for undertakings themselves to take responsibility for this endeavour. We also believe that, as the supervisory authority, our role is to give undertakings more guidance in the area of behaviour and culture. To make this sustainable and effective, we are planning a more intensive dialogue with the financial sector concerning our vision and the methods we have developed. What does and does not work in practice? What else is required to actually achieve a healthy organisational culture? In its present form, this dialogue includes master classes and presentations at the AFM, financial undertakings, and conventions. We notice that a growing number of financial undertakings are becoming increasingly aware of the importance of a healthy organisational culture. Many of them acknowledge its preventative effect in terms of employee behaviour. We see this as a positive development that can prevent problems from occurring in the future. Compliance officers with guts can play an important part here. *Do you have any ideas of your own about which building blocks could contribute to a healthy organisational culture? If so, please contact the AFM Behaviour & Culture expert team via gedragcultuur@afm.nl*