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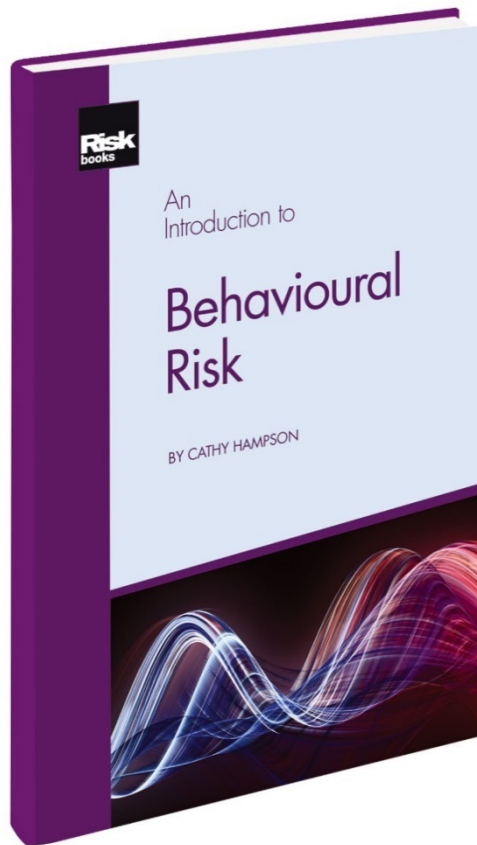
Human & Cultural Factors

Speaker Information

- Cathy Hampson has over thirty years' experience in diverse industries; investment banking, asset management, insurance, oil and manufacturing. Cathy has extensive experience in all aspects of Operational Risk Management gained from her roles at AIG, Morgan Stanley, Barclays Global Investors, Chase Manhattan, Mars, London Stock Exchange and Marathon Oil. Her interests in psychology and risk led to the publication of her book 'An Introduction to Behavioural Risk' (Risk Books 2015) and her second co-written Operational Risk book, 'Fundamentals of Operational Risk for Insurers' was published in 2017.
- Cathy has developed complete Operational Risk frameworks and also has held roles in Securities Lending Trading, Operations, IT, Finance and Compliance and Project Management.
- Cathy graduated in Fuel and Energy Engineering/Management Studies from Leeds University, holds an MBA from the London Business School, is a Fellow of the Institute of Operational Risk, a Fellow of the Chartered Association of Certified Accountants and a Member of the British Association for Counselling and Psychotherapy. She lectures in Human Behaviour and consults and contracts in the banking and insurance industries, with specialisms in Operational Risk and Robotic Process Automation.

An Introduction to Behavioural Risk

By Cathy Hampson



Through in-depth case studies, insight and analysis, author Cathy Hampson teaches you how to better monitor, mitigate, and harness the at-times unpredictable conduct of individuals. Learn how to drive performance and institute good behaviour within company culture in this essential guide.

Human Factors

Risk Identification – the Workshop

- Person A – Dominant – speaks first
- Person B – Non-confrontational
- Person C – Disengaged
- Person D – Natural Optimist
- Person E – Natural Pessimist

Anchoring

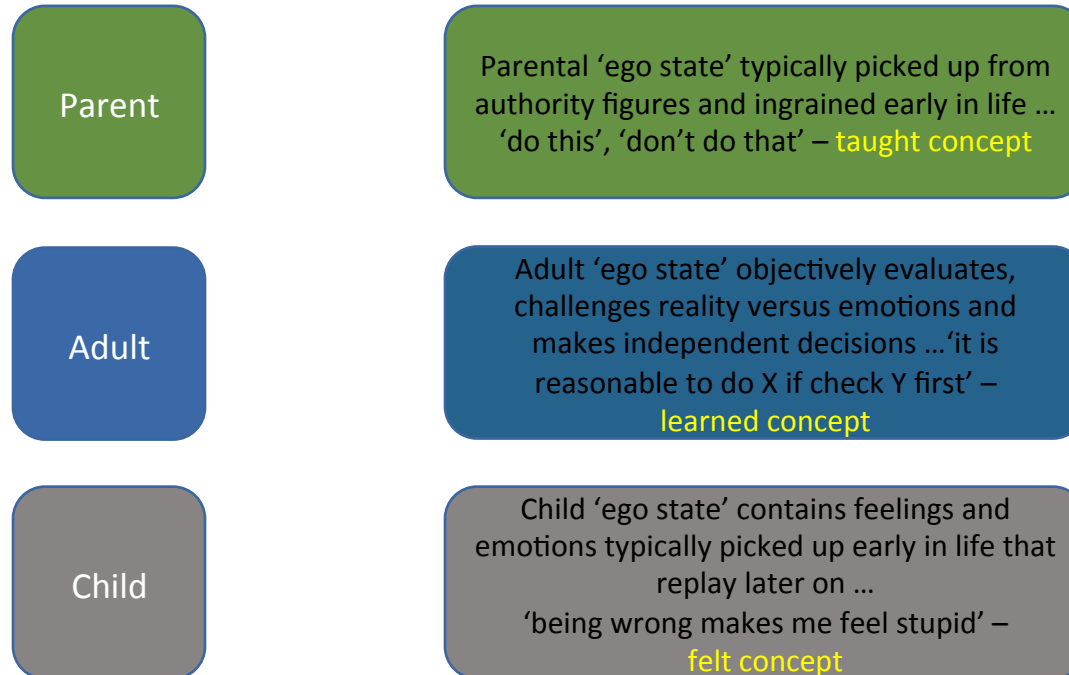
- Anchoring - a cognitive bias - rely too heavily on an initial piece of information offered (the anchor) when making decisions.
- During decision, making anchoring occurs when individuals use the anchor to make subsequent judgements.
- Once the value of the anchor is set, all future negotiations, arguments, estimates, etc. are discussed in relation to the anchor.

Biases. There are lots... here are just a few

- Ambiguity
- Anchoring
- Bias Blindspot
- Confirmation Bias
- Congruence Bias
- Loss Aversion
- 'Not Invented Here' Bias
- Recency Bias

Transactional Analysis

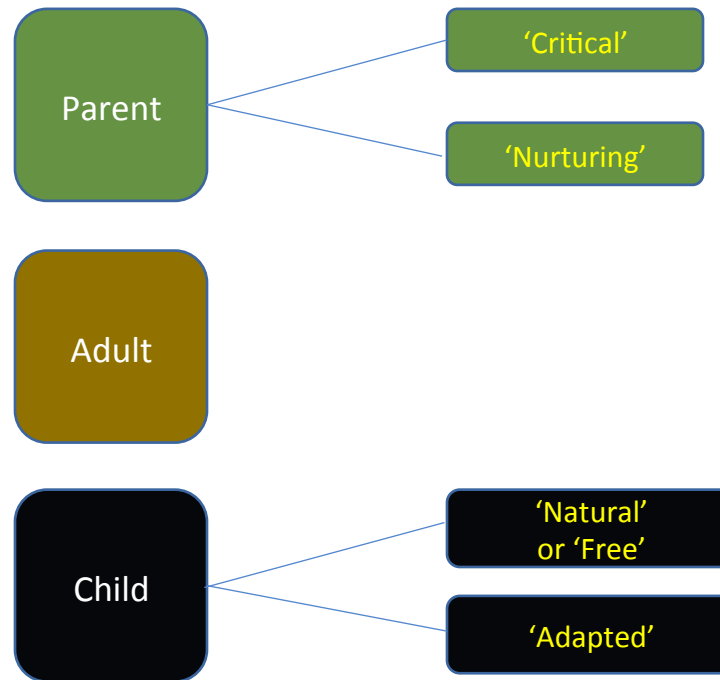
Transactional Analysis 'Ego States'*



(*Berne/Harris et al)

Transactional Analysis

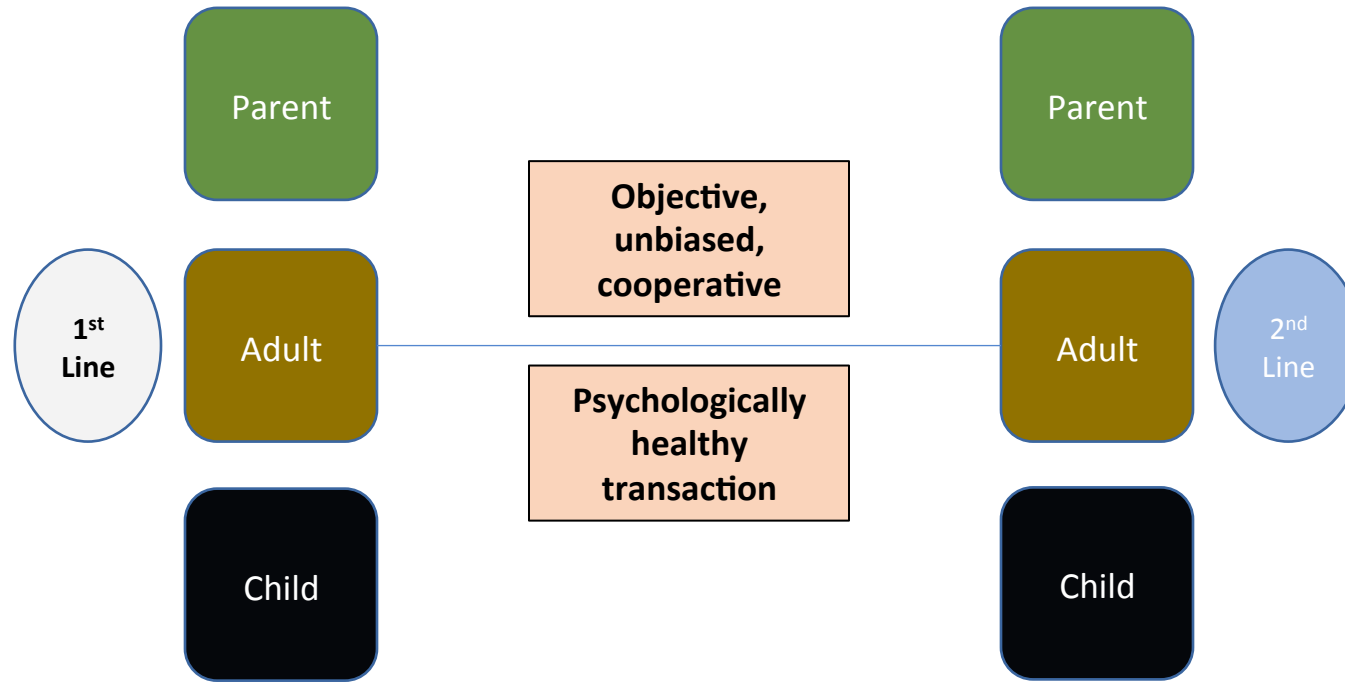
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Transactional Analysis

Transactional Analysis 'Ego States'*



(*Berne/Harris et al)

Life Positions

- 'Finds Fault as a Trait'?... 'Life Positions'



<u>I'm OK</u> , You're OK	<u>I'm OK</u> , You're Not OK
<u>I'm Not OK</u> , You're OK	<u>I'm Not OK</u> , You're Not OK

Risk Analysis – Likelihood and Impact

- Person A – Dominant
- Person B – Non-confrontational
- Person C – Disengaged
- Person D – Natural Optimist
- Person E – Natural Pessimist

Delphi Method

- Structured communication technique or method.
- Systematic, interactive forecasting method which relies on a panel of experts*.
 - Experts answer questionnaires in two or more rounds.
 - Anonymized summary of the experts' forecasts and reasons.
 - Experts are thus encouraged to revise their earlier answers.
 - During the process the range of answers decrease, group converges.
- Principle: Delphi Method is based on the principle that forecasts (decisions) from a structured group of individuals are more accurate than those from unstructured groups.

*(Gordon and Helmer, 1964)

Cultural Factors

Levels of Organizational Culture

Observable

Physical manifestation of an organization's culture

- Acronyms / Dress / Awards / Myths/Stories / Published Values / Observable rituals & ceremonies / Pictures and images

Espoused values

Explicitly stated qualities and norms preferred by an organization

- IKEA – Humility, Willpower, Simplicity, Togetherness, Enthusiasm

Enacted values

Explicitly stated qualities and norms that are exhibited or converted into employee behaviour

- Keeping promises and commitments

Basic underlying assumptions

- Organizational values so taken for granted, 'baked in' - Deep-seated

Cultural Factors - Competing Values Framework

Type	Key Word	Demonstrates	Along with
Clan	Collaboration	Flexibility and Discretion	Internal Focus and Integration
Adhocracy	Create	Flexibility and Discretion	External Focus and Differentiation
Hierarchy	Control	Stability and Control	Internal Focus and Integration
Market	Compete	Stability and Control	External Focus and Differentiation

Levers for Creating Cultural Change

1. Formal statements
2. Design of physical space, work environment and buildings
3. Slogans, language, acronyms and sayings
4. Deliberate role modeling, training, coaching
5. Explicit rewards, status symbols, promotion criteria
6. Stories, legends or myths about people and events
7. Organizational activities, processes and outcomes
8. Leader reactions to critical incidents and organizational crises
9. Rites and rituals
10. Work flow and organizational structure
11. Organizational systems and procedures
12. Organizational goals and criteria

Use of Artificial Intelligence

Use of Artificial Intelligence

1. Remove emotion
2. Find unseen patterns
3. Have both 1st and 2nd line account for denote patterns/items
4. Segregation of duties intervention

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