

Communicating and Consulting About Risk

Question: Discuss how risk leadership, and the skills of influence, collaboration and communication are crucial for performance in a VUCA world and how these aspects are crucial to a risk-aware culture.

Introduction

People-risks, an organisation is 'a group of people working together for a shared purpose' (Cambridge online dictionary 2019), therefore a critical organisational risk is its people. How and why they make the decisions they do, how they collaborate and work together for a shared purpose, and how communication influences every aspect of their existence.

In today's *social era* with the explosion of technology, advancement in neuroscience and the importance of modern-day risk management, organisations must understand the positive and negative aspects of *people-risks* in order to navigate through this VUCA¹ world.

The characteristics of *people-risks* are complicated, laden with psychological and physiological factors which affect the individuals within the organisation and subsequently the performance of the organisation. This essay will look at three elements from two opposing perspectives, the risks² and opportunities associated with these elements, and their impact on organisational performance. The three elements include: *Influence*, 'the changing of how someone or something develops, behaves, or thinks' (Cambridge online dictionary 2019); *Collaboration*, 'the act of working together with other people or organisations to create or achieve something' (Cambridge online dictionary 2019); and *Communication*, 'the process by which messages or information is sent from one place or person to another' (Cambridge online dictionary 2019)³.

1. Influence

Daniel Kahneman associate's persuasion, *a form of influence*, to the mind's automatic tendency toward cognitive ease, and that anything that reduces cognitive effort will *bias belief* (Kahneman, 2011 p.62). This psychological heuristic creates both organisational risk and opportunity depending on the intent of the influencer and whether *biasing one's beliefs is ethical*.

¹ VUCA – a term used to describe the modern-day world as being Volatile, Uncertain, Complex & Ambiguous.

² While the definition of Risk 'is the effect of uncertainty on objects', and can be both positive and negative (Standards Australia, 2018), the intended definition of Risk for this essay is the negative effect of uncertainty. The positive effect will be defined as Opportunity, or variants of.

³ The terms, *influence*, *collaboration* and *communication* have been intentionally defined to ensure the author (sender) and reader (receiver) are aligned in terminology comprehension from the initial introduction.

Awareness of influencing practices can be a risk to an organisation. Robert Cialdini, in his book *Pre-suasion*, writes about the risk of intentionally using unethical and manipulative influence and the negative reputational damage it can cause (Cialdini, 2016). Cialdini also states:

organisations should steer sharply away from unethical persuasive practices: those practices will lend themselves to the attraction and retention of employees who find cheating acceptable and who ultimately cheat the organisation as a consequence (Cialdini, 2016 pg.11).

On the other hand, Cialdini explains that by writing about the principles of *Influence* and *Pre-suasion*, he is equipping individuals with *awareness* allowing them to identify influencing techniques to protect themselves against any unwanted or divisive practices (Cialdini, 2016 p.10). With this intention stated, Cialdini's justification is the ethical education of non-practitioners as opposed to it being a handbook of manipulation (Cialdini 2016).

Conditioning is another form of influence, used to modify behaviours by manipulating natural responses. This practice poses a risk to organisations due to the ethical uncertainty of *conditioning* to the target audience. Ivan Pavlov developed the theory of *classical conditioning* when he experimented on dogs altering their natural salivation response (Collin, 2011 pg.61). John B Watson also experimented with *classical conditioning* on a child called Little Albert, where he created an unnatural fear response to white rats and subsequently 'other fluffy white objects, such as a rabbit, a dog and a sheepskin coat' (Collin, 2011 pg.69-70). While the learning has produced significant advances in psychology, the manipulation of natural behaviours in this manner were viewed as unethical, especially by Little Albert's mother who removed him from the hospital where Watson was conducting the experiments (Collin, 2011).

Alternatively, operant *conditioning* in the guise of education is an opportune way to influence behaviours ethically. Psychologist B.F. Skinner developed the theory of *operant conditioning* in the 1930s, a process whereby behaviours are altered with consequential or post-behavioural positive negative stimuli (Collin, 2011 pg.82-85). This type of *conditioning* is used extensively in all aspects of learning and development from the language development in children (Collin, 2011 pg.294-295), to fostering safe working behaviours in the construction industry (Ai Lin Teo, et al., 2015).

Influence can also be used to *socially engineer* outcomes, for instance, the data mining undertaken by Cambridge Analytica during the 2016 United States election. Cambridge Analytica, a political consulting firm, was engaged to assist political parties and influence mass numbers of voters using information gained from social media, a form of modern-day propaganda (Berghel, 2018). This method of influence was contrary to the social-cultural values of the target audience and was a divisive misuse of trust.

Propaganda has always been a favoured tool of mass influence, especially by governments during wartime efforts. During WWII both the Axis Powers and the Allied Forces used propaganda messaging via film (Everett-Green, 1996) to align some of the people's deepest motivators, *purpose* (Pink, 2009) and *social safety* (Maslow, 1943). Many view propagandas as manipulative, because it only reflects one side of the story, but if it reflects the views of the target audience, it will be seen as ethical and opportunistic.

Thaler and Sunstein (Thaler & Sunstein, 2008) refer to a libertarian paternalistic approach to influence, called *Nudging*. A *Nudge* is 'any aspect of choice architecture⁴ that alters people's behaviours in a predictable way without forbidding any options or significantly changing their economic incentives' (Thaler & Sunstein, 2008 p.6), and often targeted at policy relating to *wicked problems*⁵. Viewed as fundamental democratic freedoms, the freedom of thought and the freedom of choice are essential in maintaining the ethicality of influence. An example of *nudging* was the Australian Governments introduction of plain packaging of cigarettes. The intent was to deactivate the semiotic influence of cigarette packaging and aid in the reduction of associated diseases. In an article written by Luke Buckmaster, titled *The Nanny State and Freedom of Choice*, political philosopher, Robert Goodwin, justifies this method of influence on the basis that 'it is consistent with the individuals own deeper values, beliefs, objectives or choices' (Buckmaster, 2011), an ethical *nudge* to solve a *wicked problem*.

Influence surrounds us, it is part of how we negotiate our way through life, it changes our behaviours, it persuades our decisions, and it manipulates our thoughts. There is no clear-cut distinction between what are deemed ethical and unethical practices, as culture and ethics are subjective to the eye of the beholder.

2. Collaboration

Collaboration is an ingrained human social need (Lieberman, 2014), and it is the effectiveness of this teamwork that determines the performance of the group (Bradley & P, 2011). Like *influence*, there are risks and opportunities associated with human collaborations, for example, differing social and organisational hierarchies, opposing personalities and viewpoints, and the active participation of the group members.

The *Collins online dictionary* (2019) defines a hierarchy as 'a system of organising people into different ranks or levels of importance, for example, in society or a company'.

Organisations create engineered-type hierarchies to detail lines of accountability, communication and seniority, but there are underlying organic social hierarchies, hidden

⁴ Choice architecture is organizing the context in which people make decisions.

⁵ Wicked problems are complex issues that resist conventional approaches to problem-solving, and for which existing solutions often create unintended consequences that only make the original problem worse."

away, often undermining the engineered hierarchies, and creating conflict. Differing views between hierarchies creates conflict and can undo the fabric of an organisation (Cheng & Tracey, 2014 p.3), particularly if the social hierarchies are not identified or if the hierarchical power and influence are underestimated.

Some opportunities come with the different hierarchies, organic social hierarchies are a powerful machine with much influence over their ingroup, and while often hidden from view, organisations can capitalise on these hierarchies by mapping and leveraging the social leadership.

Another risk to organisations is personnel conflict, a conflict that arises from individual tensions. Opposing traits and values amongst individuals, a tension that can escalate into conflict. The *Competing Values Framework* (Cameron, et al., 2014) developed by the University of Michigan and consists of a four quadrant-mapping graph used to assess individual profiles, these quadrants show how different profiles interrelate with each other, their abilities and their opposing tensions (Cameron, et al., 2014). If these natural tensions are not managed and left to manifest, a toxic environment will ensue.

There is a benefit of having an imbalance in an organisation, by there being no opposing views, while this may not be conducive to innovation (Heffernan, 2012), it does create a monotoned empathic harmony.

A balanced organisation promotes the differences in people and manages their natural tensions accordingly. The *Competing Values Framework* (Cameron, et al., 2014) identifies these values and tensions and creates an environment for respectful questioning and the challenging of ideas. DeGraff also states that successful organisations must have a balance of each profile type (DeGraff, 2012).

Participation, another term for *collaboration*, is defined as 'the first step towards developing partnerships and building relationships based on trust' (Standards Australia, 2010 p.20). Without having participation and engagement with the broader group, leaders run the risk of misunderstanding elements of their business, elements those inhouse specialists and participants would provide. Another risk of participation is the variety of perceptions, knowledge and biases at times when critical decisions are required (Standards Australia, 2010).

Alternatively, participation, when framed correctly, can provide a beneficial opportunity for organisations to understand risks from varying perspectives. It builds trust with stakeholder's; it allows for stakeholder endorsement of the decisions that may affect them and creates transparency and ownership (Standards Australia, 2010 p.20-21).

Although there are both risks and opportunities associated with how we work collaboratively, we are social beings who need social connectedness and order. Organisations need collaboration that sees social hierarchies as a benefit, that balances the tensions to create a respectfully challenging environment and an environment that ensures those who know the risks and those who are affected by the risks are a part of the process.

3. Communication

Communication is a foundation of human relationships and is explained as sending, receiving, decoding and comprehending information (Slovic, 2000 p.236). How we communicate has a significant influence on our relationships, and it is this communication that determines how *people-risks* are managed.

One communication-related *people-risk* is contextually simple, it is the comprehension of terminology. Even familiar terms have different meanings to different people, some words, such as *risk*, 'have both a carefully defined modern meaning as well as several long-standing informal meanings' (Standards Australia, 2010 p.11). Another example is the research by Andrew Newberg M.D and Mark Robert Walden (Newberg M.D & Walden, 2013) where 90 percent of the people questioned had significantly different definitions of *God*, even those from the same faith (Newberg M.D & Walden, 2013 p.29). Newberg and Walden refer to this in terms of *abstract concepts*, '*abstract concepts* being entities that are neither purely physical nor spatially constrained' (Pecher & Zwaan, 2005 p.129); therefore, *risk* is an *abstract concept* and at risk of misinterpretation. The risk associated with this *communication heuristics* can lead to personal overconfidence in one's comprehension and understanding but also misunderstanding between people (Standards Australia, 2010 p.23).

Communication heuristics, while being a significant risk in unknown situations, are an excellent tool for circumstances where the risks are well known, and the knowledge level is high (Standards Australia, 2010 p.12-13). The opportunity lie with the organisation in ensuring *abstract concepts* are defined and understood by all of the participants involved.

The *language and tone of a communication* is another organisational risk, positive and negative communications have a *cascade effect*, which influences both psychological and physiological states of wellbeing. Words and phrases have the power to influence our thoughts, our actions and reactions, and our perception of the world around us. Negative messaging influences psychological responses involved with logical reasoning, language processing and communication (Newberg M.D & Walden, 2013 p.24). Negative messaging also creates physical changes in the brain and body; it increases stress and stress releases cortisol, affecting cognitive function, sleep, diet and overall performance (Medina, 2014).

Where there is a negative consequence of communication, there are also opportunities to capitalise on the positive, including the development of emotional intelligence when

communicating and consulting about risk (Standards Australia, 2010 p.11). Positive words (Newberg M.D & Waldan, 2013 p.28), and positive psychology (Salovey, et al., 2005 p.159-171) are both vital factors in emotional intelligence. Positive communication can also be used to change how we recall or *rescript* memories (Newberg M.D & Waldan, 2013 p.131), this would change the very heuristics and biases our memories create.

Communication is about the clarity and the delivery of the message both perceived and as received. *Chinese Whispers* is a game that illustrates this phenomenon. The game challenges the players to retain a message from start to finish, and from person to person in a chain-like configuration. What generally happens is the message from beginning to end changes and while amusing in the game format, it is symbolic of a real and critical organisational risk. Conversely, organisations can use the *Chinese Whispers Effect* to challenge their communication strategies and to illustrate the need for clear and concise messaging when sending and translating critical risk information.

Conclusion

People-risks are complicated risks to assess, there are negative risks associated with each element, but there is always opportunity on the other side of the perspective door. *Influence* is a question of intent and ethics, is the intent to knowingly or unknowingly influence someone, and is that intent ethical; *collaboration* is a question of relationships and interactions, hierarchies, balance and involvement; and *communication*, the fundamental human attribute that underpins all social interaction, which determines moods, influences relationships and can change our view of the world.

People are organisations, and all people are different, coming from different places, having different ethical standards, and viewing the world through different eyes. Therefore, *awareness* of, the risks and opportunities associated with *influence*, *collaboration* and *communication*, is the critical element of an organisation's overall risk management performance. Risk leadership must account for both sides of the risk argument when managing *people-risks* and acknowledge the human individual differences.

'What is right, is right to me, and to those who believe what I believe. That doesn't make others wrong, just different'.

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