

## The art of conducting behaviour

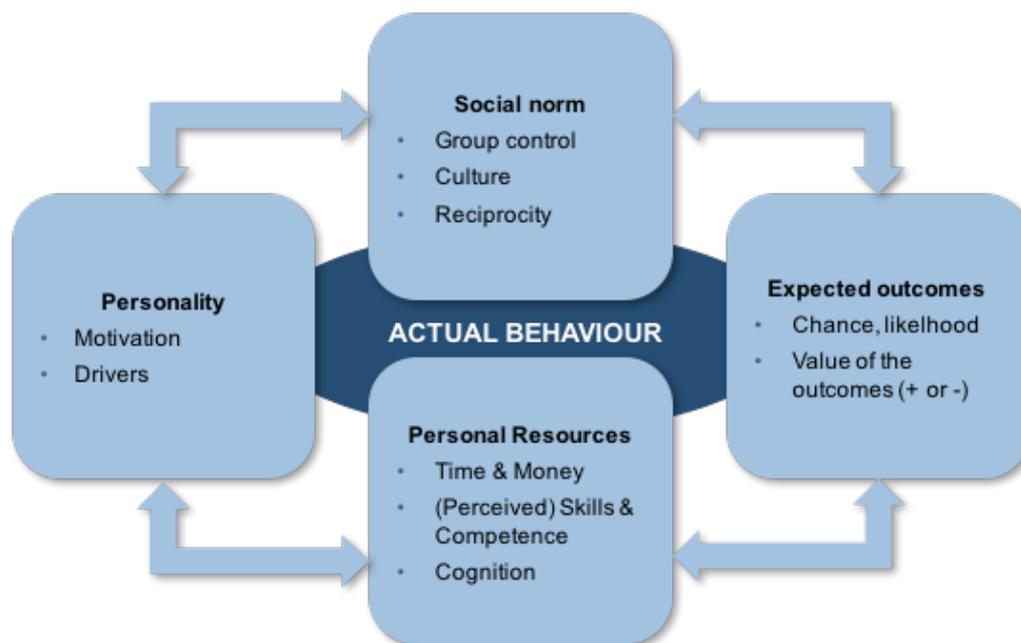
### Part one: Four determinants of behaviour

Ludwig Hoeksema

In order to realize organizational goals and objectives, leaders, managers and employees need to “do the right thing”. “Doing the right thing” can be defined in an abstract way as “showing the specific behaviour that is required to attain strategic goals”. This could be a specific customer orientation, aligned leadership behaviour, demonstrated integrity, speed of innovation or faultless execution of tasks. Strategy realization obviously also depends on the behaviour of customers or clients. This essay sets the context for conducting behaviour by describing the most important determinants.

*Framework for organisational behaviour.*

A framework for organisational behaviour is developed by Bianchi and Hoeksema (2016) and an attempt to compare and integrate various theories and models which have been developed in the past. The model is summarized in Figure 1.



**Figure 1.** Framework for organisational behaviour (derived from Bianchi & Hoeksema, 2016).

We will elaborate some of the aspects and highlight those we deem relevant for strategy realisation. **Actual behaviour** or “doing the right thing” can be seen as a complex function of the **personality, social norm, personal resources** and **expected outcomes**.

*Determinant 1: Individual motivation and drives.*

People differ with respect to motivation and drives. These can be roughly divided into three independent levels: hedonism, profit and values (Steg). Hedonism refers to immediate

pleasure and comfort; profit to gains and losses in short and long term and values to meaning and sensemaking principles. For example, people may invest in energy saving because it makes their home more comfortable in winter and a trusted constructor is available (hedonism), the business case is clear and without risk (gains) or they worry about climate change and their carbon footprint (values).

#### *Determinant 2: The social norm.*

The social norm can be immediately added to these factors. People may invest in solar panels because a befriended neighbour started an energy co-operation and invited them to participate (thus also satisfying other drivers). The strength of the social norm consists of the shared beliefs and values or culture, the control others have of an individual's behaviour and the strength of the reciprocity in the relation or "scratching another's back". Whistleblowers in particular know all about what happens when you violate the social norm. Social norms are strongest in the team. The team almost always does better than the larger system in engagement surveys. In discussions on corporate governance the "independency" of non-executive or supervisory board members is therefore a logical and recurring topic on the agenda and regarded as a critical competency to avoid "a conspiracy of politeness". Nevertheless, group pressure always plays a role in actual behaviour.

#### *Determinant 3: Personal Resources*

The personal resources refer to the perceived possibilities and constraints of people. These have to do with subjective perceptions of time, budget, ability, skills, competencies, which in turn are influenced by neurological factors. Demonstrating new behaviour requires more cognitive effort than routine behaviour and therefore puts a demand on personal resources. As a consequence, the brain uses more energy. This mechanism might be a very simple but adequate explanation for a basic resistance to change behaviour and routines; it makes you tired and therefore the rewards must be great. It is not likely, that people are conscious of the effects of their "brain cycles" as biologists call them.

#### *Determinant 4: Anticipated outcomes and consequences*

This brings us to the fourth factor: the expected outcomes of behaviour, better known as the valence, instrumentality and expectancy (Vroom). Key to this element is the personal assessment of the behavioural consequences. If all other lights are on green, this one still may be red, because the individual believes his or her behaviour will not make any difference, the chances of success are small or the value at stake is not worthwhile. The downside of this assessment might lead to unethical behaviour. If the gains are high and the probability of detection is low people could be tempted to violate codes of conduct. The opposite is also true. People can be forced into unexpected and extreme behaviour when facing certain and heavy loss (of job, money or life) if they refuse to follow orders.

#### *Enforcing and nudging behaviour*

The actual behaviour demonstrated is a complex function of all the factors above. It is only partly and variably conscious. Coercive approaches to conduct behaviour focus on managing

the anticipated consequences by what Mintzberg calls “deeming”; “if you don’t realise a ROI of 15%, I will have to replace you”. Although the required behaviour might conflict with values, personal resources or even social norms the power of the leader to manage the consequences enforces the required behaviour. The leader may choose for a coercive approach because it is the social norm of his peer group and/or he needs the results to get the most from his stock options.

More subtle and unobtrusive techniques for influencing behaviour by manipulating the cognitive process mentioned above are called “nudging”. The idea of nudging is to give an individual a small push in the right direction for the desired behaviour. A nudge may refer to any of the variables discussed above. Subtle feedback regarding quality, accidents or productivity of different teams can motivate people to continuously improve their performance or a healthy internal competition. The use of red color (blood) on a worksheet alerts the brain and mobilizes personal resources which lead to less errors. The advertisement “New and safe bathroom in a day” satisfies hedonistic motivations of elder people and proves to be a powerful proposition. Marketing has become very good in nudging, probably because coercion is not an option for most organisations.

There is a large gap between enforcement and nudging in order to influence behaviour. We will elaborate the framework and explore possibilities to conduct behaviour in future essays on [www.smclaren.com](http://www.smclaren.com).

If you want to participate in our research or apply behavioural economics to strategy realisation and governance, please contact us at [info@smclaren.com](mailto:info@smclaren.com).