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Lessons from behavioral science for ethics and compliance

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A question of behavior

“What is the purpose of ethics and compliance functions?” It might seem an odd question to ask, particularly in this publication. On the face of it, the answer seems obvious: to ensure that the organization is ethical and compliant.

However, if we consider what that involves in practice, it has far less to do with the organization and far more to do with the people within it. Organizations, after all, can’t be ethical or compliant of their own accord. We can’t tell a legal entity, brand, or building what to do and expect a coherent response.

Whether desired ethics and compliance outcomes are delivered (or not) is a function of the quality of decision-making of the people within the organization. The task facing ethics and compliance professionals is, therefore, to influence the conduct of their fellow employees. This is arguably a far harder-sounding job than the obvious answer to the question of what they are there to do.

Influencing human behavior can be very challenging, partly because we’re not running logical algorithms in our brains that can simply be reprogrammed. If we consider why someone might be noncompliant, there are explanations ranging from the simple (“I was tired and made a mistake”) to the complex and more self-serving (e.g., “to meet my unrealistic sales targets, I needed to bend a few rules”).

We also know people might give reasons for following a noncompliant course of action that aren’t necessarily the real reasons they’ve done so. We are all capable of deluding ourselves and other people.

A case for behavioral science

If ethics and compliance professionals stand any chance of designing effective programs to manage human risk, then they’ll need to have a good understanding of these behavioral dynamics. An obvious solution might be to rely on intuition and experience. After all, everyone understands that if a training course is boring, participants are less likely to pay attention and probably won’t retain what they’ve been told.

But if ethics and compliance professionals want to be truly effective, they’ll need something more. Because as those examples illustrate, many aspects of human decision-making are counterintuitive. We’re not always rational when we make decisions, and we may not even know the real reasons behind our actions.

This is where behavioral science—the study of the *real* drivers of human decision-making—comes into play. By

understanding more about the human operating system we're all born with, we can look to influence the decisions it takes.

If behavioral science sounds like a discipline more in common with marketing than ethics and compliance, consider this. The aim of an advertising campaign—to persuade us to buy a particular product or service—is very similar to what ethics and compliance programs are trying to do. Both attempt to convince people to undertake—or more commonly *not* to undertake—a particular course of action. The only difference is the context.

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