

Our battle against bias

“BY RELYING HEAVILY ON COGNITIVE SHORTCUTS, WE ARE TAPPING INTO OUR BIASES, AND RISK MAKING POOR CHOICES.”



KARLA GAHAN
DEPUTY GLOBAL HEAD OF RISK & ADVISORY, VINCIWORKS

I've been considering how bias impacts our decision-making processes and whether we as risk managers can do anything to counter the negative impacts that this has on our organisations. As risk managers, to remain relevant, we need to become more aware of such behavioural drivers and adapt our skills to ensure we are helping to influence changes.

Many firms are implementing unconscious bias training as part of their diversity and inclusion agenda. I would counter that this training does not work and a more fundamental shift is needed. The term 'unconscious bias' (or implicit bias) tends to be used as a shorthand for unacceptable behaviour that relates to gender, race, religion, sexuality and age.

I propose that these forms of discrimination, either conscious or not, could easily fall under the heading of unlawful behaviour and do not necessarily need to be the primary focus of discussion on unconscious bias.

As a species, we've evolved to develop shortcuts in our decision-making processes to enable us to go about our daily lives in the most efficient manner. These shortcuts open us up to biases that can have a detrimental effect on our decision-making and behaviour towards others – for example, whether to include people in a team, promote them, value their opinion, and many other choices.

While we may consider ourselves to be good decision makers or judges of character, by relying so heavily on these shortcuts, we are tapping into our biases (unconscious or not), and we risk making poor choices.

GIVE BIASES A NAME

To be able to identify and counter these biases, we need a common language that we can use as part of our organisational culture. By naming these behaviours, we can then focus on changing them. As risk managers, if we learn about and adopt this language, and consider the drivers that can change behaviour, we can help to shape a better risk culture, and encourage better decision-making.

For example, when undertaking risk assessments, or attending risk committee meetings, there is the potential that the biases influencing the outcome of those sessions mean that you are liable to arrive at your conclusions without considering alternatives:

- **Confirmation bias** – Are you capturing what people want you to hear rather than an accurate picture of what is or could be impacting your organisation?
- **Status quo bias** – Do people not want to make any changes to the risks or controls as it will take (cognitive) effort to consider alternatives?
- **Availability bias** – Will people talk about risks that relate to what is at the forefront of their mind, either in terms of what they're working on, or what's in the press at the time of your discussion?

NUDGE, NUDGE

There are a number of techniques available to us to help to either counter or harness existing biases to shift behaviour, including the concept of “nudging”. In practical terms, this means that the brain can be “nudged” or guided into making better decisions in line with its own interests or good behaviours.

A nudge influences behaviour without inducement, threat or argument and still allows for freedom of choice. It is designed to help anchor the unconscious mind on the desired outcome without the need to engage the rational part of the brain that may sabotage the behaviour. It's about framing options to influence choices.

We as risk managers need to learn about the behavioural risks to our organisations and how to ensure that we build in practices that will make us more resilient. Most importantly, we need to ensure that a variety of perspectives is available to us; diverse ways of thinking will enable us to make better decisions.

How can we become more diverse?

“DESPITE MOVING AWAY FROM ITS TRADITIONAL PERSONA, IN REALITY INSURANCE IS STILL NOT REFLECTING THE DIVERSITY OF OUR SOCIETY.”



EMMANUEL FABIN
INSURANCE
MANAGER,
TSB BANK

When I explain to family, friends, even strangers that I work in insurance, often the first response focuses on complaints about NCB/NCDs or what exactly is an underwriter. The visibility and awareness of insurance in comparison to other financial services is negligible.

This has led to careers in insurance not being as understood or desired by the average person as they could be. I started my career by 'falling' into insurance in 2003 and, even now, 15 years on, there is still a significant gap between perception and reality.

This lack of awareness continues, going by my experience when mentoring students. This unfamiliarity is one of the core reasons, I believe, we have an insurance industry that is less than diverse. Yes, insurance is traditional but despite moving away from its traditional, stuffy persona, in reality insurance is still not reflecting the diversity of our society.

The benefits of more diversity in insurance is clear. In a global, dynamic, service-led industry, our strength lies in being able to provide solutions to a wide range of customers' needs and philosophies. To do that well, the industry must hold a wide range of world views, cultural backgrounds and ideas.

The risk and insurance industry is all about innovation and solutions. The push for diversity should be aligned to these characteristics. If we want dynamic, forward-thinking youth from diverse backgrounds, we need to utilise our tools of innovation and change.

ENGAGE ON THEIR PLATFORMS

Beyond milk rounds at red brick universities, we need to incorporate an intentional push to a broader audience using online platforms to find users from diverse backgrounds. Once we can engage with future risk and insurance managers on a platform they are familiar with and bring awareness, then we can display the diverse opportunities within the industry.

To understand how the industry must intentionally engage more with potential risk and insurance managers, consider the number of views of the top three insurance career-related YouTube videos in the last 12 months – it sits at around 27,000. This is less than a third of the views of one video concerning a medical assistant career, posted in the last six months.

In the 2016 Airmic members survey, 4% or less of those surveyed were younger than 30 and 74% were 40 and older. There is a real risk of a lost generation of insurance and risk professional leaders in the future. The 2018 survey results are due later this year and there isn't any indication so far that there has been a significant demographic shift.

So how should the industry approach the need for change? We need a three-pronged approach when engaging potential recruits:

- **Awareness** – What role does the risk and insurance sector play in today's world?
- **Attraction** – What diverse opportunities are there and what long-term career paths?
- **Action** – What is the first step on the career ladder?

FEMALE LEADERS WANTED

As part of this diversity push, the promotion of female leadership is a positive and needed action. I have benefitted tremendously from the guidance of female leaders in my career and the recent focus on bringing through strong leaders is invaluable.

The current impetus for diversity is centred on women in top insurance management positions and the greater presence of support groups such as the Women's Insurance Networking Group. However, this on its own will not secure the level of diversity we must demand. The drive for diverse leadership can not be sustainable without a 'grass roots' focus on bringing a young, culturally varied workforce into the industry.