

Better boards

Executive summary

Helping everyone to help themselves (to better decisions)

Over the last couple of years, Aon has been exploring how behavioural science can help trustees achieve better results for their pension funds. We have been working with behavioural insight agency Behave London to help us better understand both the cognitive biases which can affect individual trustees, and now in this latest research, how group dynamics have an impact on broader decision-making and planning strategy. We have also sought to educate our consultants to continually evolve the way we work with our clients.

You might think you can guess the answer, but...

This research investigated the cognitive biases that can affect group decision-making, and was conducted on both trustees and the general public. Why did we canvass the general public as well? Our cognitive biases are almost impossible to shake off completely, and so we created a general public survey to mirror the situations that trustees might experience. Our trustee respondents knew they were being asked to participate in a behavioural survey. The general public were given no such steer.

...not all surveys look alike

By measuring how the general public answered our questions, and seeing where this differed from trustee answers, we were expecting to see a mild **social desirability** bias. In short, we were expecting trustees to try to tell us what they thought were the 'expected behaviours'.

Key themes

- Make sure you know what is meant when you hear 'long-term'. Trustees' answers varied between five years and over 30 years
- Meeting agendas are juggling both urgent and important items; how you structure your agenda may influence the progress you make
- Trustees appear to be willing to speak up or to challenge the status quo, even without the support from the chair, but findings among the general public show that the chair's support can be an important factor, and trustees may need it more than they are willing to admit
- Two devil's advocates may be better than one
- Understanding the skill-set required for the task, and then establishing flexible teams rather than fixed sub-committees may improve delivery and outcomes
- Complex problems may be more digestible if broken down into separate decisions on each component – for example, do not try to decide strategy and implementation at once

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We're here to empower results

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Context changes decisions...

The behavioural scientists designed the survey with a twist: for each problem we posed, we had two versions. These were slightly different, but each respondent saw only one version. The reactions amongst each group were then analysed to see whether a relatively minor change in circumstances or the framing of the question led to different decisions.

While our trustees were more knowledgeable about the purpose of the survey than our general sample, it is worth noting how people behave when they do not know that there is an expected behaviour to exhibit.

...so tools can help you think through problems

We have created a suite of tools which any trustee can pick up and use – regardless of who their advisers are, or where they are in the planning cycle. The full set of tools is on www.aon.com/trustee-effectivenessuk and we will continue to add to these. The tools are there for everyone to use and can help you improve areas such as how to structure the time *between* meetings to get the most out of being *in* the meeting, or how to question the advice you are given.

About Aon

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