

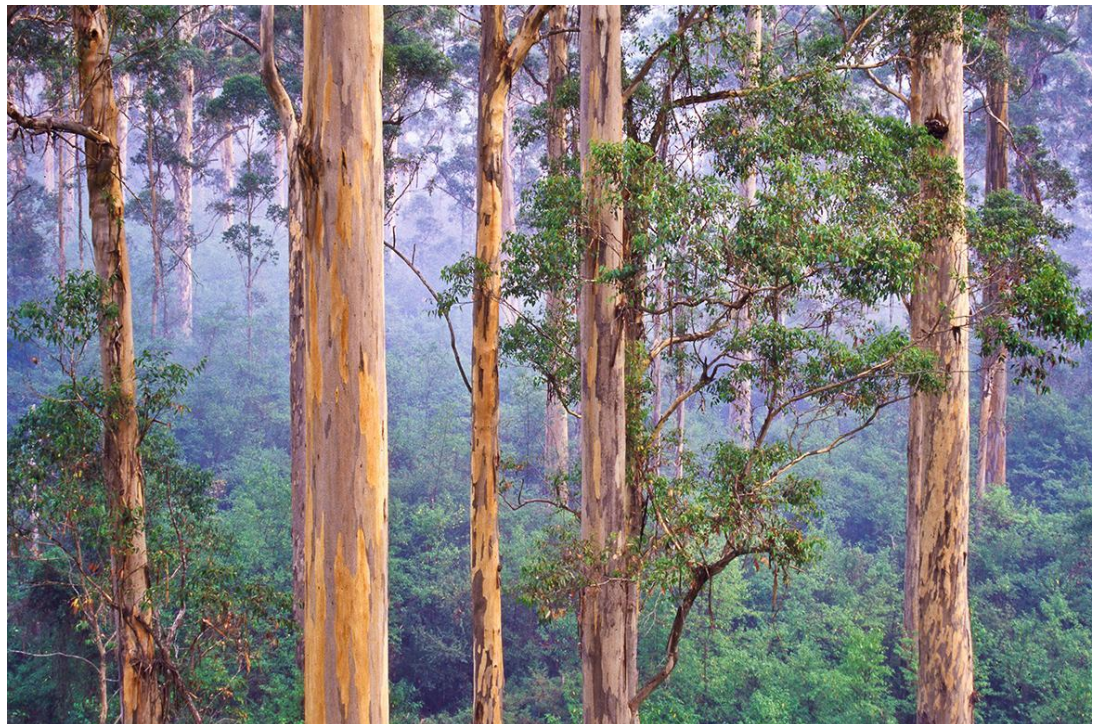
Openness and agreeableness in governance

Personality trait research – survey results

August 2021

Written and designed by:

Ben Arnold, Alistair Purt & Anna Moolman



[A&P Advisory](#) is a niche advisory company based in Perth focused on risk management, internal audit, change management, governance and other assurance services

Introduction

A&P Advisory in 2020 put out a survey to gauge the predisposition or preference of governance, risk management and assurance practitioners in relation to the level of professional and general scepticism they apply when engaging in activities such as audit.

The 24-question survey was designed in collaboration with a qualified psychologist and based on the NEO Personality Inventory (NEO PI-I), which examines a person's Big Five personality traits (openness to experience, conscientiousness, extraversion, agreeableness and neuroticism). The survey delivered 119 responses from a range of Line 1, 2 and 3 professionals working in governance, risk and compliance (GRC).

The research that the survey formed part of, explore the fine balance required when working in GRC, that is, how 'open/agreeable' or how 'sceptical' should we be?

The results of the survey, first published in June 2020 and accessible on the A&P Advisory [website](#), are presented here as a deep dive into the topic to stimulate further thinking and discussion.

Problem Statement

The survey sought to test the approach of GRC practitioners, and answer the following high-level question:

While 'openness' and 'agreeableness' are seen as positive traits for internal auditors and GRC professionals, with businesses increasingly seeing the value in a true 'partnership' between management and GRC professionals, can being open and agreeable impinge on the ability of GRC professionals to conduct themselves independently and objectively?

Concepts

For context, the following definitions, or interpretations, of 'Open' and 'Agreeable' were applied in evaluating the survey responses:

Openness - At the top end of openness, you are open-minded and comfortable changing your view based on new facts coming to light. At the bottom end, you are more routinized and conforming.

Agreeableness - At the top end, you are trusting, help others and are agreeable, but this can lead to gullibility. If too agreeable, you are less likely to go into battle on what is right or

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

wrong as you are more socially agreeable. At the bottom end, you do not trust people, are cynical, egocentric, competitive and aggressive.

Respondent Profile

The below statistics provide an overview of respondent profile in relation to professional experience, industry they currently work in and job role or Line of Defence they fulfill.

Years of experience

- 59.7% have more than 15 years of experience
- 33.6% have 5-15 years of experience
- 6.7% have less than 5 years of experience

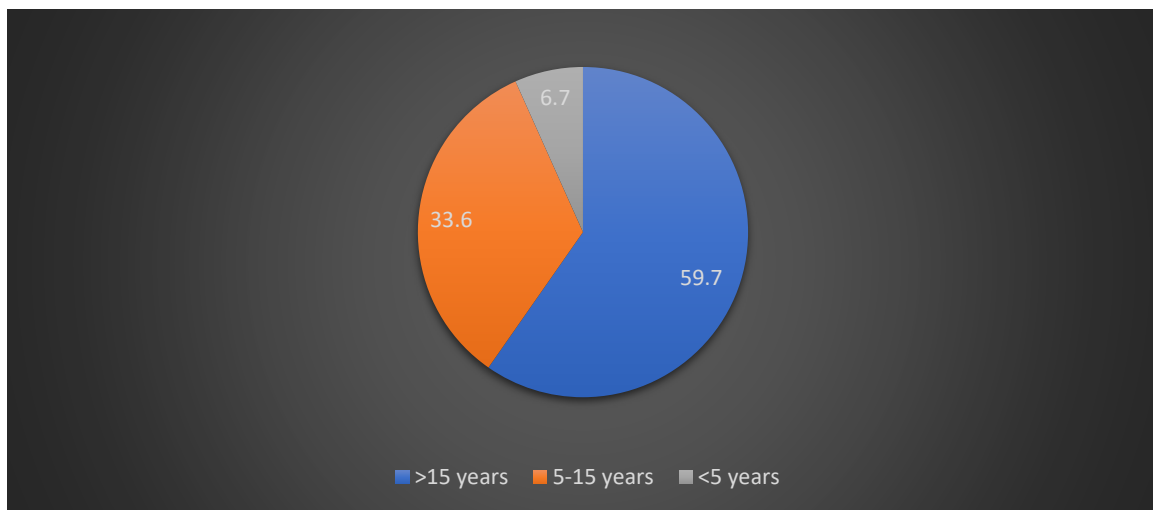


Figure 1 Respondent experience

Industry

- 30.3% work in resources/oil and gas
- 17.6% work in government
- 16.8% work in professional services
- 13.4% work in 'other' industries (not specified)
- 12.6% work in not-for-profit
- 5.2% work in banking
- 4.1% work in manufacturing/industrial

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

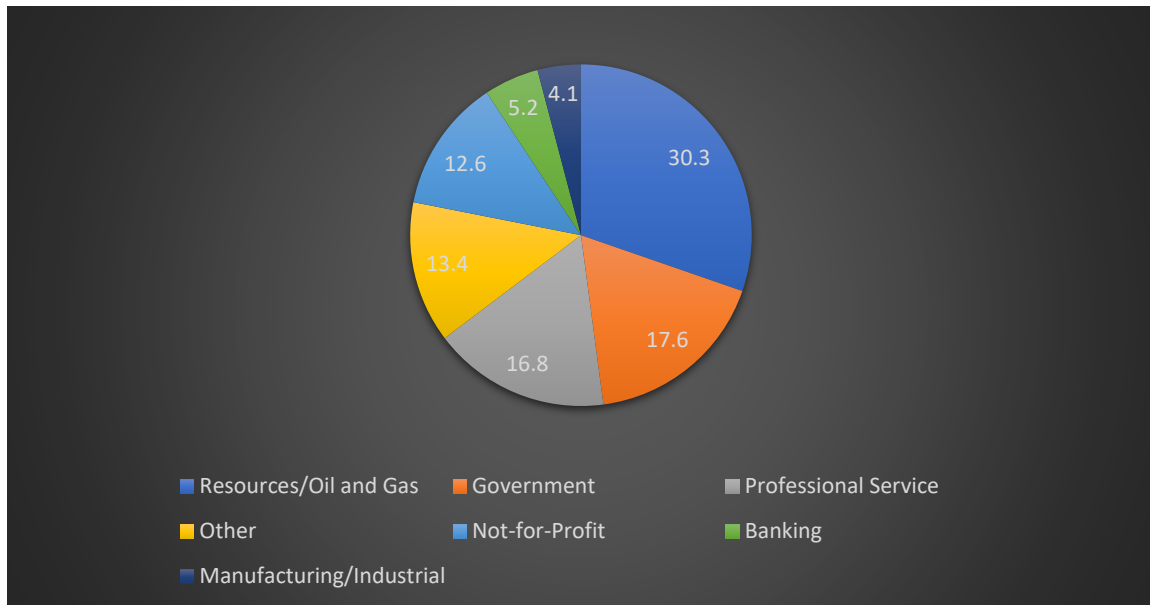


Figure 2 Respondent industry

Job Role or Line of Defence

- 35.3% are from Line 1 of Defence (Management/Operations)
- 31.9% are from Line 2 of Defence (Risk Management/Functions)
- 32.8% are from Line 3 of Defence (Internal Audit/Compliance)

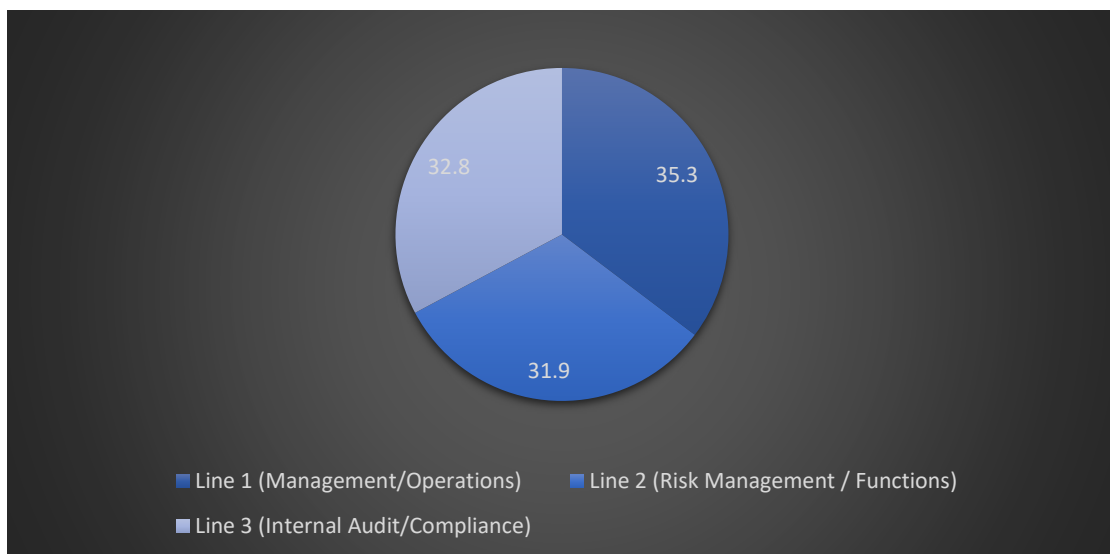


Figure 3 Respondent Line of Defence (job role)

Copyright

Survey Results

Overall Result

The results from the survey showed that the respondents overall displayed an open and agreeable disposition.

- If the definitive responses are considered (excluding substantially neutral responses), a ratio of approximately 80:20 in favour of an 'open' and/or 'agreeable' attitude amongst respondents is obtained.
- Line 3 (i.e. internal audit) displayed the highest rate of an 'open' and/or 'agreeable' attitude compared to Lines 1 and 2 (this based on the number of questions for which this line of defence shows the highest percentage in comparison against the other two lines).

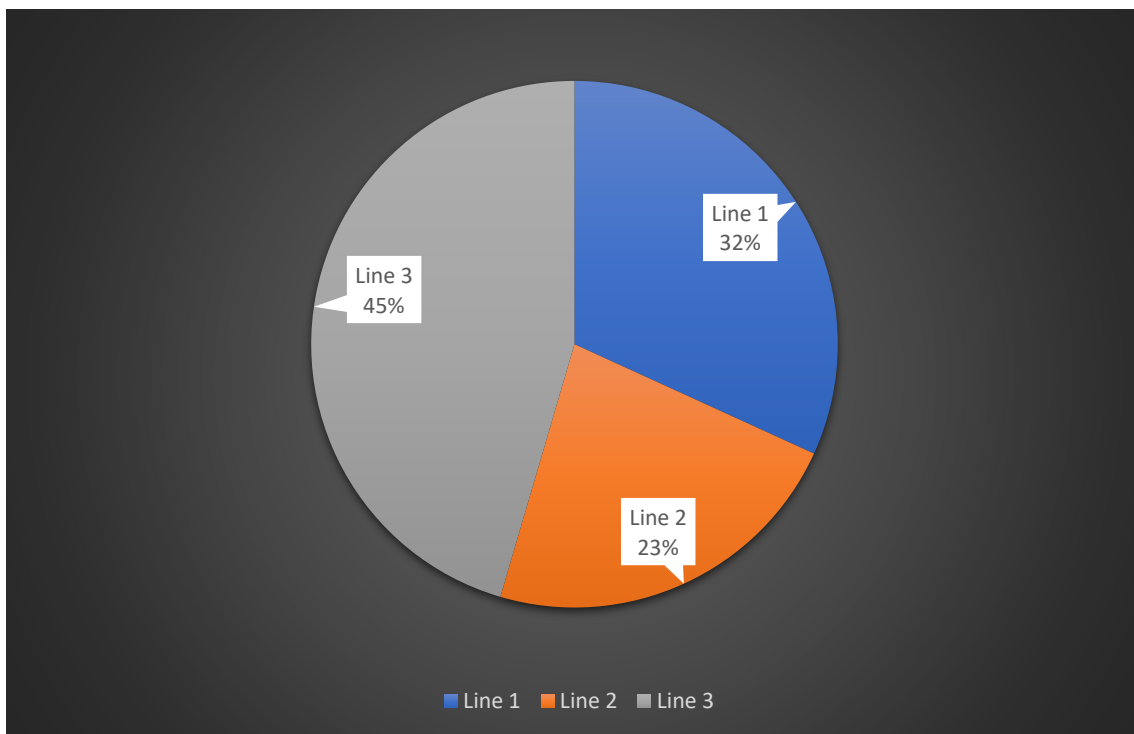


Figure 4 Overall survey result - 'openness' by Line of Defence (Job role)

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

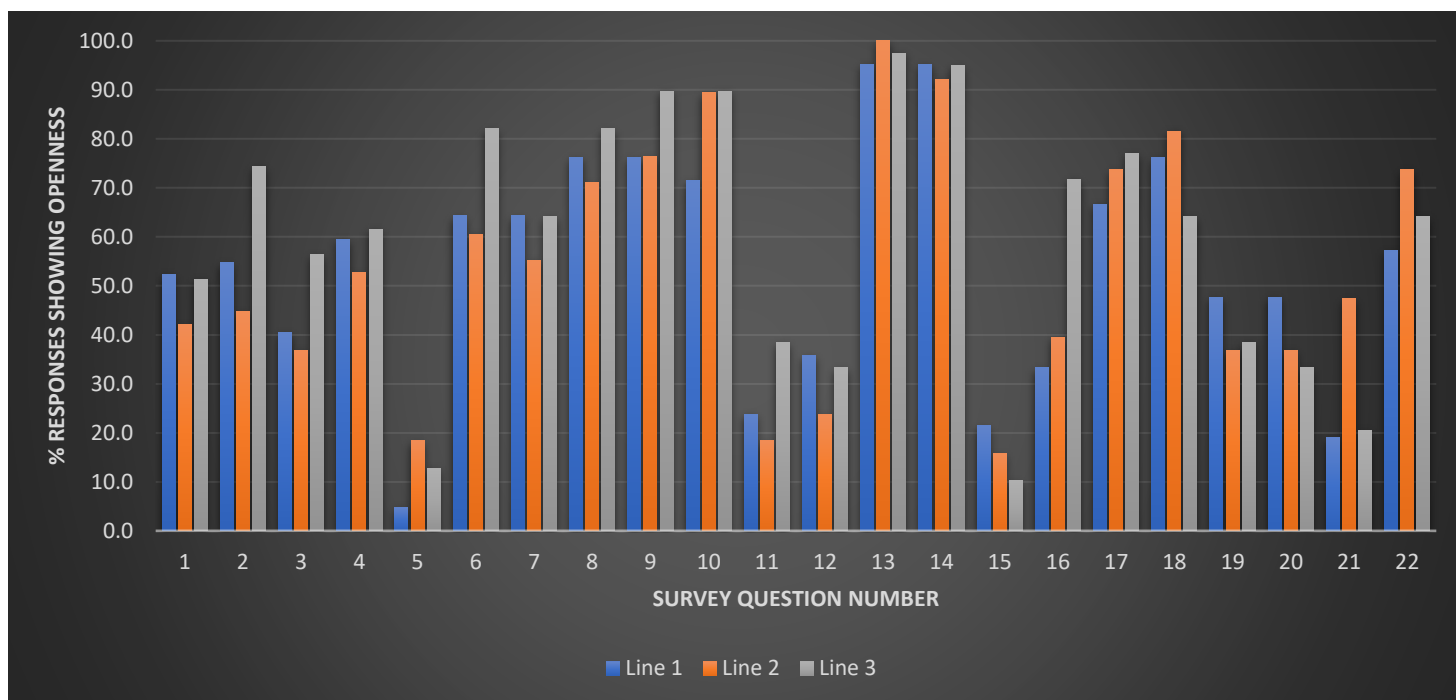


Figure 5 Overall survey result – Openness for each question and Line of Defence

(Questions 23 & 24 provided additional information only and are not included in the graph)

Result Highlights

- Some survey questions attracted an extremely strong response to the ‘top end’, where 77% or more of respondents expressed positive scales of Openness or Agreeableness, or a substantially strong response, where 61 to 72% gravitated to this end of the scale.
- By the same token, on some questions, respondents showed a clear preference for the opposite or ‘bottom end’ of the Open/Agreeableness scale, where 65% or more of respondents expressed scepticism, or around 58% indicated a tendency to the negative scale.
- A small number of responses reflected a neutral result, where the preference for either end of the scale was not clear (for example, where 30% or more neutral responses were obtained, or an even split between the positive and negative ends of the scale).
- In several instances, preferences registered as marginal only, that is the preference was less than 50% and the neutral response and response to the other side of the scale came in around the same percentage). For example, the Question ‘I have a high opinion of myself’, attracted a 47% ‘scepticism’ rating and the neutral and

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

agreeableness ratings were very similar at 26% and 27%, respectively, which does not provide for a strong ‘scepticism’ result.

Table 1 shows the results for both the strongest ‘open/agreeable’ and ‘scepticism’ results, as well as the clear ‘neutral’ results.

Table 1 Top responses showing strong openness/agreeableness, strong or predominant scepticism and generally neutral results

Positive Scale - Strongest ‘Open’/‘Agreeable’ Results	
Survey Question	% of Respondents
I like to help others	98%
I like to think about alternate ways of doing processes	94%
I feel sympathy for those who are worse off than myself	84%
I feel others’ emotions	81%
I don’t like to decide until I’ve looked at all of the readily available information	77%
I prefer variety to routine	72%
I believe that others have good intentions	69%
Generally speaking, most people can be trusted	65%
I dislike change	61%
Negative Scale – Strongest ‘Scepticism’ Results	
Survey Question	% of Respondents
I believe that audit should be tough in both execution and follow-up of outstanding issues	77%
I take advantage of opportunities to further my cause	73%
I often accept other people’s explanations without further thought	65%
I like a good fight when I have a strong viewpoint	58%
Neutral Result – ‘Open’/‘Agreeable’ vs ‘Sceptic’	
Survey Question	% of Respondents
Management can usually be relied on to keep their promises	38% neutral
The truth is told by management during audit interviews	32% neutral
A large share of accident claims filed against insurance companies are false	30% neutral
I am usually cautious when dealing with auditors’	45% open vs 44% sceptic (11% neutral)

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

Further Drilldown

Table 2 provides a summary of the responses against the individual questions, mapped to the result in terms of the respondents displaying an ‘open/agreeable’ attitude versus ‘scepticism’, or a neutral disposition.

Table 2 Responses against each question, mapped to personality trait and result in terms of openness vs scepticism - Updated

Question #	Question	Response	Personality Trait	Indicates Scepticism?
Question 1	A large share of accident claims filed against insurance companies are false	49% disagree 30% neutral 21% agree	Agreeable	No
Question 2	I am not interested in theoretical discussions	58% disagree 13% neutral 29% agree	Open	No
Question 3	I am usually cautious when dealing with auditors	45% disagree 11% neutral 44% agree	Agreeable	No
Question 4	I believe management inherently do the right thing	58% agree 28% neutral 14% disagree	Agreeable	No
Question 5	I believe that audit should be tough in both execution and follow-up of outstanding issues	77% agree 11% neutral 12% disagree	Open	Yes
Question 6	I believe that others have good intentions	69% agree 23% neutral 8% disagree	Agreeable	No
Question 7	I dislike change	61% disagree 21% neutral 18% agree	Open	No
Question 8	I don't like to decide until I've looked at all of the readily available information	77% agree 8% neutral 15% disagree	Open	No
Question 9	I feel others' emotions	81% agree 5% neutral 14% disagree	Agreeable	No
Question 10	I feel sympathy for those who are worse off than myself	84% agree 6% neutral 10% disagree	Agreeable	No
Question 11	I have a high opinion of myself	27% disagree 26% neutral 47% agree	Agreeable	Yes

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

Question #	Question	Response	Personality Trait	Indicates Scepticism?
Question 12	I like a good fight when I have a strong viewpoint	31% disagree 11% neutral 58% agree	Open	Yes
Question 13	I like to help others	98% agree 1% neutral 1% disagree	Agreeable	No
Question 14	I like to think about alternate ways of doing processes	94% agree 6% disagree	Open	No
Question 15	I often accept other people's explanations without further thought	16% agree 19% neutral 65% disagree	Agreeable	Yes
Question 16	I prefer to stick with things (processes, ways of doing things) that I know	48% disagree 23% neutral 29% agree	Open	No
Question 17	I prefer variety to routine	72% agree 16% neutral 12% disagree	Open	No
Question 18	I take advantage of opportunities to further my cause	73% agree 19% neutral 8% disagree	Open	Yes
Question 19	The truth is told by management during audit interviews	41% agree 32% neutral 27% disagree	Agreeable	No
Question 20	Management can usually be relied on to keep their promises	39% agree 38% neutral 23% disagree	Agreeable	No
Question 21	Most contractors will not overcharge, even if they think you aren't knowledgeable of the service they are providing	29% agree 24% neutral 47% disagree	Agreeable	Yes
Question 22	Generally speaking, would you say that most people can be trusted?	65% agree 35% disagree	Agreeable	No

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

Respondent Opinions

As part of the survey, participants were given the opportunity to provide observations on the topic. The below (shortened or edited where necessary for conciseness and grouped into themes) provides a flavour of the range of opinions on the personality traits and elements of GRC that respondents consider relevant to GRC professionals and their.

It is a balancing act

- A healthy dose of scepticism as well as equal measure of pragmatism are of benefit. Lack of realistic expectations, transparency, ability to see larger picture and understand the ripple effect of change on organisation, poor communication on both sides (auditors and organisation) are often causes of why a positive impact of change triggered by an audit doesn't necessarily materialise and audit findings remain unaddressed or re-appear.
- Being a healthy sceptic is important so that we are able to critically analyse information, but we should also be open minded to other perspectives. It is possible to possess both of these attributes, and if you do not, have the introspective qualities to develop them.
- If you are too tough you can actually slow the maturation of a business, too weak and you lose credibility - it's all a balance.
- Most people can be trusted but you can't be too careful or you'll get caught out by those who can't be trusted.
- Your approach can dictate the extent of your effectiveness. The psychology around working with people versus against them can impact your ability to leverage relationships to generate insights. Scepticism very much is not mutually exclusive with open mindedness.

Culture is critical

- Larger companies often have higher standards as management recognises the value of good governance, that behavioural change is necessary to improve governance and that it has to encompass all areas of the organisation. Unfortunately lack of recognition of the importance of good governance is still common and issues are only addressed after negative audit findings, personnel attrition, poor financial results, etc.
- The organisations that least need a formal governance system are those that have a strong informal system due to the organisational culture.

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

- Culture and recognition are critical success or failure factors.

Continuous improvement is the goal

- Audits should be seen as a strong and positive contributor to continuous business improvement.
- Those who excel in GRC also have a strong connection to continuous improvement and the more they learn, the more opportunities for improvement they identify.
- If audit is presented as a tool for improvement, as opposed to a tool to weed out and punish, people are generally more open and truthful, allowing benefits to be realised more effectively.

Where do governance activities fit into the process?

- If you see yourself as a problem identifier versus a problem solver (minding the line of independence), often problems that need to be solved go to a deeper root cause, which requires more investigation than a problem identifier might engage in.
- Assurance needs to be more proactive and upfront - not done at the end or as a standalone audit.

Governance and strategy go hand-in-hand

- There needs to be more action to directly link strategy and/or planning to Governance, Risk Management and Assurance.
- Governance needs to be aligned to the sustainability objectives of the organisation.
- You need to focus on areas that make a difference today while planning for areas that make a difference tomorrow.
- Assurance needs to be fully independent and the skill sets required are increasing over time. This is not recognised and acknowledged nor rewarded in many organisations. It will be difficult to retain the quality of individuals doing this work if it's not recognised as an important component of the business.

Emotional intelligence matters

- Not many have the emotional maturity to manage issues. You are there to protect the organisation as an entity - not make friends and this can be a hard path to follow.
- Fully explaining the reasons and methodology behind the investigation help individuals to be more honest and forthcoming with their inputs. Having a degree of empathy also helps.

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

- Narcissistic managers at the top lack the emotional intelligence to be able to lead employees in the long term. and this type of personality must be identified during the recruitment process to ensure the appointed manager has leadership capability.

Do people working in GRC have a 'type'?

- Personality models such as Myers-Briggs are often a good indicator of the personality types (e.g. ENTP) that suit and congregate in particular roles.
- People who have good attention to detail, and an ability to understand actions and consequences are often good at risk, compliance and assurance. Though too often people in such roles simply don't have the practical breadth of experience required.
- Negative persons are good at risk identification.

Worth considering

- Human nature must always be taken into account.
- How do our own biases, as risk and governance professionals, play into how we conduct our work, interact with others and draw conclusions?
- What you don't see isn't there?
- Using proper IT Systems with Machine learning is the best, because you may be openminded with people but still have a backup system to flag anomalies.

It should also be noted that a couple of observations alluded to some questions in the survey being of too general or too vague a nature. The survey was designed based on the NEO PI-I, and the questions purposely selected to be a blend of specific and general questions, this to encourage participants to respond based on the different experiences and preferences they bring.

Conclusion

The role of GRC, particularly internal audit, is evolving. The calls for partnership between the audit function and the business continue; yet independence and objectivity must be maintained to distinguish the role of GRC from that of individual functions and their role as the first line of defence.

Eighty percent of survey participants have responded with a general preference for openness and agreeableness in engaging in GRC work.

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021

If openness and scepticism can co-exist, we may be able to achieve the best balance by remaining adaptable and consciously changing our approach, moving away from the preconceptions associated with openness and agreeableness.

In all of this, the application of good communication and change principles, transparency, critical analysis and a strategic focus are key for GRC practitioners, while the role of behavioural aspects such as emotional intelligence, and of organisational culture should not be underestimated.

A&P Advisory welcome further views and discussion points on this topic and invite you to connect with us on this or any governance, risk and audit related matters. We can be contacted on 0467 814 688 or via email at ben.arnold@ap-advisory.com.au

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of A&P Advisory.

© A&P Advisory 2021