

FROM AWARENESS TO ACTION

Closing the Management Skills Gap Ahead of the FCA Updates

NFM IS NOW A REGULATORY AND CULTURAL ISSUE



From 1 September, the FCA will extend conduct rules for non-banking firms to cover serious bullying, harassment and violence where there is a work-related connection. The FCA is more explicitly linking conduct and culture, viewing misconduct as a warning sign of broader governance, risk and control weaknesses. **Poor culture is therefore increasingly seen as a regulatory risk**, not simply an HR issue.

MANAGERS HAVE A CLEAR RESPONSIBILITY TO ACT

The updated rules place greater emphasis on **managers intervening when they become aware of inappropriate behaviour**. Managers are expected to take concerns seriously, follow appropriate escalation processes, create safe reporting environments, and prevent misconduct from becoming embedded in organisational culture. **Critically, they are expected to step in and take action where they see misconduct.**



KNOWING WHAT TO DO DOES NOT GUARANTEE ACTION

Pearn Kandola's own research found that **86% of people who witness inappropriate behaviour take no action.**

Common barriers include uncertainty about whether behaviour is serious enough, fear of consequences, diffusion of responsibility, concerns about damaging relationships, and lack of confidence in how to respond.

Organisations must address these barriers directly rather than assuming awareness alone will change behaviour.

EFFECTIVE TRAINING MUST BUILD SKILLS AND CONFIDENCE

Passive compliance training or simple e-learning is unlikely to create meaningful behaviour change. Effective programmes should help managers:

- Recognise inappropriate behaviour.
- Understand their personal responsibility to act.
- Build confidence (bystander efficacy) through practice and feedback.
- Reinforce positive social norms by discussing expectations with colleagues.

Training should focus on behavioural capability, not just knowledge transfer.

TRAINING ALONE IS NOT ENOUGH

Compliance requires a broader organisational approach. Alongside training, firms also need to review policies, reporting and escalation processes, visibly support those who raise concerns, and ensure leaders role-model respectful and inclusive behaviours. **Sustainable culture change occurs when learning is reinforced through leadership, systems, and everyday workplace practices.**

