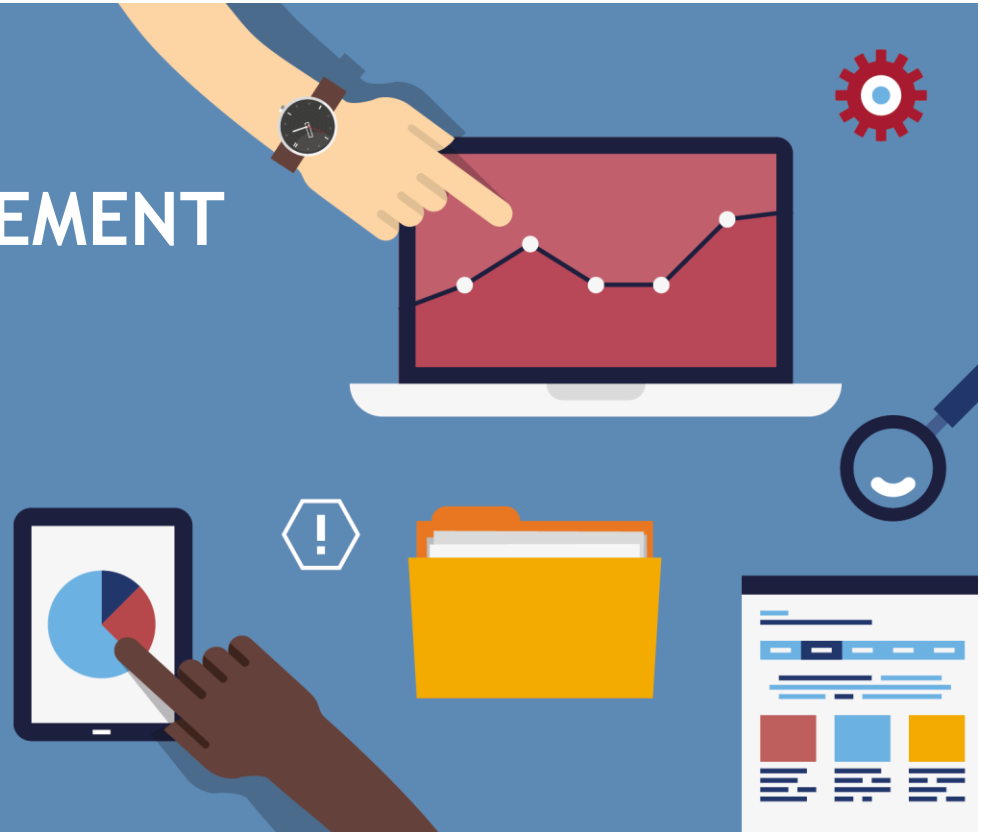# JCAD

RISK CULTURE AND STAKEHOLDER ENGAGEMENT

January 2024
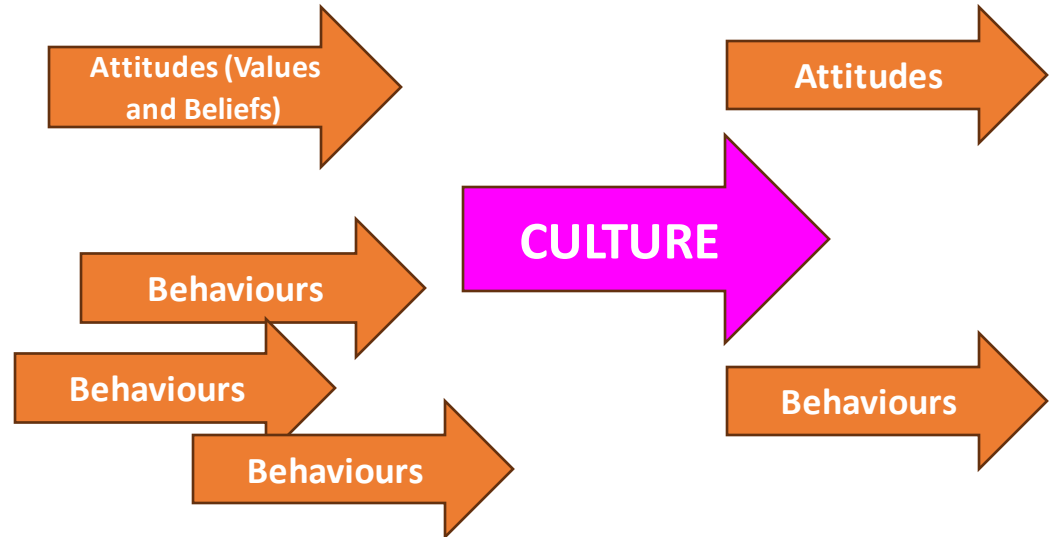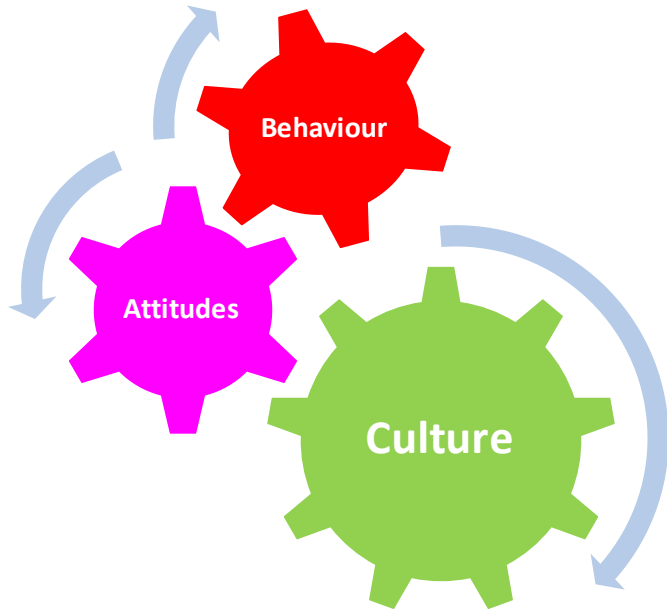
Back to Basics

"*A reflection of the overall attitude within the organisation*"

"*The values, beliefs, knowledge and understanding, shared by a group of people with a common purpose*"

Attitude is a chosen position adopted by an individual, or a group, often influenced by Perception

RISK Attitude is a chosen position adopted by an individual, or a group, often influenced by RISK Perception

Behaviour is an observable and deliberate action. This includes decisions and processes, how we communicate, how we act

RISK Behaviour is an observable and deliberate RISK-related actions. This includes decisions and processes, how we communicate, how we act

Culture is the value and belief, knowledge and understanding shared by a group of people with a common purpose

RISK Culture is the value and belief, knowledge and understanding of RISK shared by a group of people with a common purpose

JCAD

Certain risk culture inside us even if we don't think there is.

We are all more aware of risk than we think we are.

ISO 31000 states:

"Management should ensure that the organisation's culture and risk management policy are aligned"

The IRM states:

"The prevailing risk culture within an organisation can make it significantly better or worse at managing risk"

Risk reporting and whistle-blowing encouraged

Transparent and timely flow of risk information up and down

Distinct and Consistent tone from the Top

Properly resourced risk management teams

Wide acceptance of the importance of risk management

Commitment to Risk Management principles and processes

Risk Management skills are valued, encouraged and developed

Active learning from risk events and near misses

LEADERSHIP

INVOLVEMENT

LEARNING

ACCOUNTABILITY

COMMUNICATION

Senior management

Actively promote the risk-aware culture
Set risk performance targets
Ensuring the commitment to the risk aware culture
is clear and concise
Use both verbal and written communications

Involvement

Specific training sessions
Ensure ownership of risk is fully understood
Specialist risk teams have advisory/consultancy role
Feedback mechanisms in place

JCAD
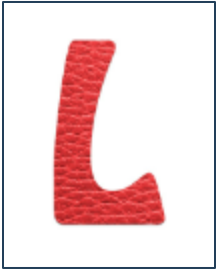
Learning

Emphasis on training Risk Management procedures
Learning will enhance risk culture
Learning to identify any change in risk behaviours,
will allow a learning culture to develop
Risk workshops

Accountability

Take appropriate accountability for actions
Vitally important for good risk culture
Culture should be based on accountability, not blame
Care and concern when investigating incidents
Reporting of issues without fear

Communication

Communication and openness throughout the risk management processes
Communication of risk information from top-down
Reports should be welcomed and well-received
Risk performance should be included

4. NATURAL

3. NORMALISED

2. NOVICE

1. NAIVE

1 - Naıve

- Unaware of the need for risk management

- May not recognise the value of a structured approach for dealing with uncertainty and risk

- Management processes are repetitive and reactive

- No attempt to learn from the past or to prepare for future threats

2 - Novice

- Aware of the potential benefits of managing risk, but have not implemented risk processes effectively and are not gaining the full benefits

- May be experimenting with the application of risk management or is operating a risk management process that has fundamental weaknesses

3 - Normalised

- Management of risk has been built into routine business processes

- Implements risk management throughout the organisation

- Generic risk management processes are formalised and widespread, and the benefits are understood at all levels

- But may not be consistently achieved

4 - Natural

- A risk-aware culture, with a proactive approach to risk management in all aspects of the business

- Consideration of risk is inherent to routine processes

- Risk information is actively communicated to improve risk management processes

- Risk processes are used to manage opportunities as well as potential negative impacts

Ongoing development of Risk processes

Risk Awareness Campaigns

Where are we now?

Risk culture change programme?

Where do we want to be?

Common language – use Risk terminology

What needs to change?

Risk Identification Process

4 Ts – Risk response	Tolerate, Treat, Terminate, Transfer
Control	Actions taken to reduce the likelihood and/or magnitude of the risk
Corrective control	(e.g. Training procedures)
Current/Residual/Net/ Managed Risk	the level of risk that CURRENTLY exists, taking into account the controls that are already in place.
Detective control	A control designed to identify that a hazard risk has materialised, so that actions can be taken to avoid further or greater losses (e.g. Auditing)
Directive control	A control based on giving directions to people to behave in a certain way and/or follow established procedures (e.g. Standard Operating Procedures)
Impact/Consequences	The size and nature of the consequences of a risk materialising, as compared with the magnitude of the event itself
Inherent./absolute/ Gross Risk	Level of a risk BEOFRE any control activities are applied

COMMON LANGUAGE OF RISK

Likelihood/Probability	Level of a risk BEOFRE any control activities are applied
Magnitude/Severity	Size of the event when a risk materialises – to be compared with the impact or consequences of the risk materialising
PACED	Principles of Risk Management – Proportionate, Aligned, Comprehensive, Embedded, Dynamic
Preventative Control	type of control that is designed to eliminate the possibility of an undesirable risk materialising (e.g. Segregation of duties)
Risk appetite	level of risk an organisation is prepared to accept in order to achieve its objectives
7 Rs - Risk Management Process	Recognition, Ranking, Responding, Resourcing controls, Reaction planning, Reporting and Reviews
Risk Map/Matrix/Heatmap	a graphical representation of the information contained in the risk register

COMMON LANGUAGE OF RISK

Risk Register	Profile and record of the risks faced by an organisation and the controls current in place and those additional controls that have been identified, along with responsibility for control activities and risk review
Target/Predicted Risk	The ultimate level of risk that is desired after all cost-effective and necessary controls have been implemented.
Terminate/Avoid/ Eliminate	Risk response that is appropriate when the level of risk is not acceptable to the organisation.
Tolerate/Accept	risk response option that is appropriate when the level of risk is acceptable.
Transfer	Risk response when an organisation wishes to transfer to another party, usually by means of insurance or contractual transfer
Treat/control/Reduce	Risk response option for risks that the organisation believes can be further treated by te introduction of cost-effective (corrective) controls
Withdrawn	A risk that is no longer relevant

- **Users**
- **Business Units**
- **Operations Teams**
- **Risk Owners**
- **Leadership Team & Managers**

- **Identification**
- **Analysis**
- **Prioritising**
- **Engagement**
- **Monitoring**

Positive relationships, collaboration & mutual support

Understand your stakeholder needs and expectations

- **Establish a shared understanding and consistent language**

- **Agree responsibilities and roles**

- **Align risk management with corporate objectives (PACED)**

- **Be realistic on the amount of risk management required**

- **Regularly Communicate – establish preferences – email, phone, text?**

- **Allow Continuous Feedback**

The IRM

GROUP	TEAM
Individuals with a shared interest	Complementary skills and roles
Information sharing	Common objective or specific goal
Individual contributions	Formal structure
Majority decision-making	Collaboration
Informal leadership	Consensus decision-making
	Designated leader

Enlighten - Communicate, Listen, Respect
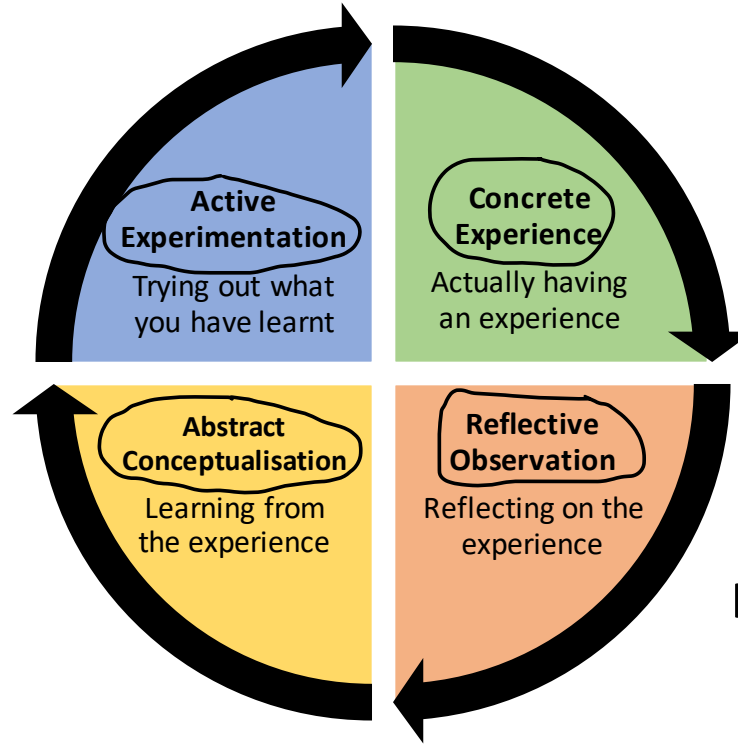
Engage – Workshops, Surveys, Participation

Endow – Training, Development, Commitment

Enthuse – Motivate, Recognise, Reward

Kolb's Learning Cycle 1984

VISUAL LEARNERS

READING/WRITING LEARNERS

AUDITORY LEARNERS

KINESTHETIC LEARNERS

- **Virtually or face-to-face**

- **Few hours/one day**

- **Structured, informative session**

- **Bringing people together**

- **Sharing new skills and ideas**

- **Mind mapping/process mapping**

- **Encourage participation & contribution**

The Workshop

Agenda / Objectives

Preparation

Establish Trust

Active Facilitation

Structured Process

The Facilitator

Actively listen

Be Neutral

Help question

Summarise

Check out

Well done!