

EXECUTIVE EDUCATION

RISK CULTURE: *GETTING IT RIGHT*

White Paper – Key Findings

INTRODUCTION

It is generally agreed and held, as both a business and societal truth, that culture is crucially important. But can the same be said for risk culture? What should directors, executives and managers do if there is a fear that a business is taking too much risk – or not enough? This paper seeks to examine aspects and the characteristics of risk culture, explaining what it is, why both business and society need to 'get it right' and why this doesn't seem to be manifesting as effectively as it should be.

This paper also explores important aspects of risk culture including the concepts of resilience, Presilience™, VUCA and the central role of risk attitude as a key underlying driver of risk behaviour and risk culture. The paper also suggests how an organisation can impact risk culture by actively managing its attitude to risk.

RISK CULTURE: GETTING IT RIGHT

We recently facilitated four executive events involving more than 170 risk leaders from organisations across Australia. Events explored the topic 'Risk Culture: Getting it Right', specifically looking at what is considered 'risk culture', why organisations are failing at getting risk culture right, and more importantly, what needs to be considered and actioned, in order to build robust organisational risk culture.

Events took place in Brisbane, Canberra, Melbourne and Sydney in August and September 2018. The sessions were led by Dr Gavriel Schneider and covered the following key themes:

1. Risk culture – a definition
2. Why we are failing at getting risk culture right
3. VUCA
4. Risk intelligence
5. Dynamic risk equilibrium
6. New risk culture approaches
7. Risk leadership in a VUCA world
8. The social psychology of risk
9. Five stages of tribal culture
10. Psychology of risk and enhanced decision making.

This white paper captures key findings from these sessions and discussions.

Please note that Dr Gavriel (Gav) Schneider, is a 'scholar-practitioner'. He has intertwined real life experience with robust academic practice which was manifested in the presentation of these breakfast sessions and the interpreted information and findings. This paper has been written in a manner which switches between Dr Schneider speaking in the first person and the citation of more academic approaches. This has been done purposefully to enable the reader to get a feeling for the sessions that were held and the research and outcomes of Dr Schneider and his team, which are taught as part of the highly respected **Graduate Certificate in Psychology of Risk**.

WITH THANKS

This paper includes the input from participants attending one of four executive breakfast events across Brisbane, Canberra, Melbourne and Sydney. Thanks to all those participants, for their candour, integrity, humour, thoughtful discussion and input. Their time and valuable professional contributions are greatly appreciated.

Special thanks to the Graduate Certificate in Psychology of Risk alumni attending and contributing to these events.

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LEADERS FROM A DIVERSE RANGE OF ORGANISATIONS PARTICIPATED

- AC&E INTERNATIONAL
- Actew
- AGL
- Airservices Australia
- ANU
- Archdiocese of Brisbane
- ASP Rope Access
- ATO
- Australia Post
- Australian Border Force
- Australian Catholic Bishops Conference
- Australian Catholic University
- Australian Catholic Youth Conference
- Australian Financial Security Authority
- Australian Health Service Alliance Limited
- Australian Unity
- AVEO Group
- Bakers Delight
- Bayside Council
- BIS Oxford Economics
- Brisbane Catholic Education
- Brisbane City Council
- Building Queensland
- Bupa
- Calibre
- Capital Airport Group
- Caroline Chisholm Catholic College
- Catholic Education Melbourne
- CatholicCare Canberra and Goulburn
- CBHS Health Fund
- CUA
- Datacom
- DAWR
- Deaf Services Queensland
- Department of Defense
- Department of Environment and Energy
- Department of Finance
- Department of Foreign Affairs and Trade
- Department of Human Services
- Department of Justice
- Department of Prime Minister and Cabinet
- Department of Transport and Main Roads
- DXC Technology Australia Pty Ltd
- Energy Queensland
- Euler Hermes Australia
- Fiducian Group
- From the Front
- Fuji Xerox Australia
- Future Fund
- Genea Ltd
- Gordian Business
- Griffith University
- Hepatitis Queensland
- Icare
- IFM Investors Pty Ltd
- Institute of Future Environments
- International SOS
- IPP Consulting
- Jobs Queensland
- John McCaffery
- Jones Lang LaSalle
- Kynetic Pty Ltd
- Laing O'Rourke
- Lion
- Macquarie Group Limited
- Macquarie University
- Melbourne Water
- Mitchell Asset Management
- MRL investments
- Mulpha Australia Ltd
- NAB
- Najem Lawyers
- National Measurement Institute
- Norans Consulting Pty Ltd
- Novartis Pharmaceuticals
- NSWPF
- PCYC Queensland
- Pharmaceutical Society of Australia
- Planfore-it Pty Ltd
- Playgroup Victoria
- Police Bank Limited
- Qantas
- Qld Jewish Board of Deputies
- QNMU
- Queensland Health – Children's Health Queensland
- Queensland Police Service
- Rabobank
- Rail Projects Victoria
- RED Consultant
- Risk 2 Solution Group
- Risk Advisory Services
- Risk Aware Consulting
- RMIA
- RNA
- St Vincent de Paul Society Queensland
- Streeton Consulting Pty Ltd
- Supply Nation
- Sydney Catholic Schools
- Sydney Water
- TAFE NSW
- Teachers Mutual Bank Limited
- TeleDr
- Telstra
- Thales Australia
- The Scots College
- Total Quality Business Solutions
- University of Canberra College
- University of Sydney
- University of Western Australia
- UNSW Canberra
- Vanguard Investments
- Veolia
- Vero Insurance
- Victoria State Emergency Service
- VMIA
- Wabtec Control Systems
- Wesley Mission
- Westpac
- Windhaven Investments
- YMCA Canberra

DEFINING TERMS

Risk:	Effect of uncertainty on objectives. ¹
Innovation:	Generally, refers to changing or creating more effective processes, products and ideas, and can increase the likelihood of a business succeeding. Businesses that innovate create more efficient work processes and have better productivity and performance. ²
Agility:	Ability to move quickly and easily / ability to think and understand quickly. ³
Resilience:	The capacity to recover quickly from difficulties; toughness. ⁴
Organisational Resilience:	Refers to a business's ability to adapt and evolve as the global market is evolving, to respond to short term shocks – be they natural disasters or significant changes in market dynamics – and to shape itself to respond to long term challenges. ⁵
Empowerment:	A management practice of sharing information, rewards, and power with employees so that they can take initiative and make decisions to solve problems and improve service and performance. ⁶
Presilience™:	The process of successfully preventing where possible, preparing for, responding to, and recovering from adverse, major business interruption events. It is a proactive process, which builds individual and team capabilities, such as vigilance, situational awareness and agile leadership skills, to enable the successful management of business interruption events for which documented response plans are often found inadequate or overly complex. ⁷

¹ AS/NZ ISO 31000: 2018

² www.business.gov

³ Oxford Dictionary

⁴ Oxford Dictionary

⁵ www.organisationalresilience.gov.au

⁶ www.businessdictionary.com

⁷ Presilience is trademarked by Risk 2 Solutions and cannot be utilised by any party without express written permission.



WHAT IS RISK CULTURE

Risk management is not a separate activity, divorced from the day-to-day management of an organisation. Rather, risk presents both opportunities for, and potential challenges to, achieving strategic, tactical and operational objectives. Risk awareness, and how to manage and exploit those risks inherent in business operations, needs to be embedded in all aspects of the management and governance framework of an organisation.

Culture can be a challenging concept to define, especially in an organisational context.

Culture might be considered to be:

- *“...a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration.”⁸*
- *“...the collective programming of the mind which distinguishes the members of one group or category of people from another.”⁹*
- *“...the pattern of beliefs, values and learned ways of coping with experience that have developed during the course of an organisation’s history, and which tend to be manifested in its material arrangements and in the behaviours of its members.”¹⁰*

These definitions all emphasise the internal nature of culture, using words such as mind, assumptions, understandings, beliefs, values. They also describe culture as something shared among a group of people.

Further useful context pieces also state the following around organisational culture:

“A pattern of shared basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.”¹¹

“The specific collection of values and norms that are shared by people and groups in an organisation and that control the way they interact with each other and with stakeholders outside the organisation.”¹²

A useful summarised, working definition of organisational culture is supplied by Ravasi and Schulz as:

“The set of shared mental assumptions that guide interpretation and action in organisations by defining appropriate behaviour for various situations.”¹³

“The norms and traditions of behaviour of individuals and of groups within an organisation that determine the way in which they identify, understand, discuss, and act on the risks the organisation confronts and the risks it takes.”

APRA, 2016, p 8

“The values, beliefs, knowledge and understanding about risk, shared by a group of people with a common intended purpose, in particular the leadership and employees of an organisation.”

The Institute of Risk Management (2011)

⁸ Schein, E. H. (1985). Organisational culture and leadership. San Francisco, CA, USA: Jossey Bass.

⁹ Hofstede, G. (1980). Culture's consequences: International differences in work-related values. London, UK: Sage Publications.

¹⁰ Brown, A. (1995). Organisational culture (2nd ed.). London, UK: Pitman Publishing.

¹¹ Schein 1992

¹² Hill and Jones, 2001

¹³ Ravasi D, Schultz M, 2006, 'Responding to Organisational Identity Threats: Exploring the Role of Organisational Culture' in Academy of Management Journal, June 1, Vol 49, No. 3, pp 433-458, F

WHY WE NEED TO GET RISK CULTURE RIGHT

The need to understand, measure and enhance the risk culture of organisations is increasing. National and international regulators are often placing greater emphasis on a company's ability to demonstrate an effective 'risk management' culture. Markets and rating agencies increasingly appreciate that the state of a company's risk culture impacts its value.

Developing and maintaining a strong and positive risk culture is important for several reasons, including its influence on business performance, governance and compliance, and risk management performance. Dr David Hillson¹⁴ reminds us there are several impacts on a business in terms of risk culture, as follows.

Business Performance

Risk culture is a contributor to organisational success and failure. Two reports into corporate governance failings following the 2008 global financial crisis concluded the following:

- *"The principal emphasis is in many areas on behaviour and culture..."*¹⁵
- *"The issues with which companies were grappling include understanding their exposure to risk and how this might change...[and] embedding the right risk culture throughout the company..."*¹⁶

Governance and Compliance

At the organisational level, understanding and expressing risk culture is a compliance requirement for corporate governance. For example, the international risk standard AS/NZ:ISO31000:2009¹⁷ includes the following statements:

- *"Management should ensure that the organisation's culture and risk management policy are aligned."*¹⁸
- *"[Continuous improvement decisions] should lead to improvements in the organisation's management of risk and its risk management culture."*¹⁹

Risk Management Performance

Risk culture matters have a critical effect on risk management effectiveness and as the Institute of Risk Management points out: *"The prevailing risk culture within an organisation can make it significantly better or worse at managing risks."*²⁰ At both the organisational level and lower levels (such as divisional or project level), risk culture affects risk management in the following ways:

- *Risk culture affects risk appetite, including strategic and tactical decisions on how much risk to take in a range of situations and settings.*
- *Risk culture influences attitudes towards risk, shaping the way individuals and groups position themselves towards risk in situations that are perceived as risky and important.*
- *Risk culture informs the setting of objectives and strategies, as key decision-makers seek to determine the optimal course in an uncertain environment and context.*
- *Risk culture determines the ability to 'take the right risks safely', because it influences the effectiveness of risk policies, procedures and practices.*
- *Risk culture can prevent the appearance of condoning wrong behaviours, which can arise when leaders send inconsistent messages on the level of acceptable risk.*

Exercise: why do we fail so often at getting risk culture right?

Workshop participants were asked to highlight why they thought organisations fail so often at getting risk culture right. See appendix one for the summary of their findings, by state.

¹⁴ Hillson, D. (2013). The A-B-C of risk culture: how to be risk-mature. Paper presented at PMI® Global Congress 2013–North America, New Orleans, LA. Newtown Square, PA: Project Management Institute

¹⁵ Walker, D. (2009). A review of corporate governance at UK banks and other financial industry entities: Final recommendations. London, UK: HM Treasury.

¹⁶ Financial Reporting Council. (2011). Developments in corporate governance 2011: The impact and implementation of UK corporate governance and stewardship. London, UK: Financial Reporting Council.

¹⁷ International Organisation for Standardization, 2009

¹⁸ *ibid* s4.2

¹⁹ *ibid* s4.6

²⁰ Institute of Risk Management. Risk culture: Resources for practitioners. London, UK: Institute of Risk Management.

VUCA – IT'S A VOLATILE, UNCERTAIN, COMPLEX AND AMBIGUOUS WORLD

VUCA²¹ is not a new phenomenon – the term was initially used by the United States military in the late 90's – however, when examining the term, within the context of contemporary risk management and leadership, it provides a new perspective on how to approach risk and manage uncertainty.

VUCA “relates to how people view the conditions under which they make decisions, plan forward, manage risks, foster change and solve problems”. It reflects a fast-paced, increasingly unstable and rapidly changing world. **It is the new normal.**

Accepting the realities of living in a VUCA world, is the critical first step towards ‘updating the operating system’ of how we view the conditions under which one is able to make decisions, plan forward, manage risk, foster change and solve problems in the business world today.

The emerging and current landscape includes many variables, but some vexing examples are:

- Social age (service focused)
- Information and connectivity changes (networked paradigm)
- Millennial (workforce)
- Holacracy (business models).

Leadership and the psychology of risk focuses on how the realities of a VUCA world need to be managed, in order to ensure that opportunities can be capitalised on, while being able to manage downside risks.

Focusing only on reducing the ‘danger’ may in turn reduce the potential for upside. And the upside of risk is opportunity, innovation and new possibilities. On the other hand, chasing opportunity without an honest understanding of the downside and a strategy for managing it, can increase the danger of bad things happening, leaving organisations poorly prepared when they do.

An interesting and consistent finding across the workshops held in 2018, was that many Australian organisations find themselves stuck. In general, many Australian businesses tend to focus on avoiding possible negative outcomes, i.e. are actually too risk averse and potentially over-regulated. As one attendee stated:

“In response to our risk aversion, we have become process and procedure-obsessed and paper-driven in the effort to avoid loss or damage, which is not really helping us...”

In order to build risk culture that works we need to first build risk intelligence in our people, teams and organisations.



²¹There are many sources of VUCA explanations but a particularly useful one is: <http://execdev.kenan-flagler.unc.edu/blog/the-origins-of-vuca>

CONCEPTUAL INTEGRATION FOR RISK INTELLIGENCE

People who understand the idea of how risk intelligence has evolved, accept the fact that there is always training and learning to be done. It is unreasonable to simply state 'I am a master at this' because, whilst one individual might excel in one situation, they may be unable to adequately function when something else, outside of their comfort zone, happens.

Exercise:

Take a look at the list below and do this quick exercise:²²

1. Rate yourself, overall, on how well you do the following points.
2. Now do the same exercise again but rate your immediate team – the people who work around you every day.
3. Finally, do the same exercise but rate your organisation as a whole.

- Manage uncertainty
- Achieve objectives
- Have the ability to move, think and understand quickly and easily
- Focus on changing or creating more effective processes, products and ideas
- Constantly enhance the likelihood of a business succeeding
- Have better productivity and performance
- Share information, rewards, and power appropriately and fairly
- Take initiative and make decisions to solve problems and improve service and performance
- Display toughness in the face of adversity and have the capacity to recover quickly and respond to short term shocks
- Have the ability to adapt and evolve personally and shape groups and organisational structures to respond to long term challenges

The point to this exercise is not about the rating itself. Rather, it is about alignment. How close together were your scores for self, team and organisation?

The challenge is this: if a robust risk culture is desired, then there should technically be minimal deviation. Your score should be similar to those around you, and as a result, your organisation should be achieving the same level of outputs.

Of course, a major problem is bias – both on an organisational and personal level.

Another part of the problem is to define and understand what 'risk intelligence' actually is.

²² Note this activity and the appropriate methodology to develop it are the intellectual property of Risk 2 Solution and cannot be utilised by any party without express written permission.

WHAT IS RISK INTELLIGENCE

Risk intelligence is a living skill. No one (individual or organisation) is ever fully trained in this, rather, it should be something that is perpetually worked on and constantly evolving. Additionally, it is not a theoretical subject – instead, it is an applied attribute.

Risk intelligence is useless if it is not used. People must apply it constantly when they make decisions. Ultimately, it will enable better decision making, to proactively embrace opportunity and manage negative outcomes. Foundationally, risk intelligence also incorporates agility and resilience since in a VUCA world being able to pivot and bounce back is critical.

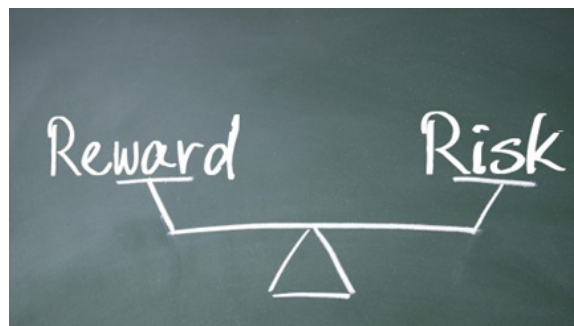
In fact, in a VUCA world, risk intelligence cannot be achieved without agility and resilience. The ability to pivot when things change is crucial. Complexity, uncertainty and ambiguity, constantly creates the need for change. Even with the most thorough planning, things don't always work as planned, and the ability to bounce back or keep going when things go wrong is of vital importance, along with the adoption of a 'fail forward' mentality, (which is easy to say, but hard to achieve).

Importantly, it is two-sided. Risk intelligence is not just about negative risk management, it is also about seizing opportunity and minimising downside. Innovation is always desired, however, innovation cannot occur without seizing opportunity and taking risk.

In summary – risk intelligence is impossible to achieve unless it is already underpinned by agility and resilience.

If it makes so much sense why is it so hard to develop risk intelligence?

Humans are wired for stability. Typically, if a person is in a position where they feel safe – for instance, if their job is stable, they earn enough money, things are not excellent, but they are not terrible – change is the enemy. Anything that might destabilise what seems to be “OK” will appear bad. Because of this, it is difficult to develop agility and resilience because these are not aspects that are equally, instinctively built in to all people, in the same measure.



People with well-developed risk intelligence are able to lead and empower those around them to achieve objectives and drive High Reliability Organisational (HRO)²³ performance.



²³ See the reference section for information on Weick and Sutcliffe's book 'Managing the unexpected' which explains the principles of high reliability.

STRIVING FOR HRO STATUS!

ACHIEVING DYNAMIC RISK EQUILIBRIUM

High reliability develops an organisation's strengths through individual actions.

Shared attitudes fill the gap between organisation and the individual to determine High Reliability.²⁴

The idea of dynamic risk equilibrium (DRE)²⁵ needs to be guided. To elaborate, DRE is essentially the ability to get the balance right between risk adversity and risk seeking.

For example, some opportunities need to be seized through more overt means – this could include perhaps breaking or bending the rules, or not strictly following the policy, procedures or systems – which is generally an indicator that these are not aligned to the world we operate in. Conversely if people just did whatever they wanted to do, they, and probably others, would get hurt – this is something that has been observed and documented. So, the balance between regulation and over-regulation, is in its own right, a text book case of the challenge of DRE.

As one of Dr Schneider's students stated on the issue of DRE:

“Defining this concept as a see-saw is a gross over-simplification. A better analogy would be to view getting this complex balance right: as a see-saw, on an elevator, going around, up and down, simultaneously.”

Without an adequate sense of situational awareness²⁶ – the awareness of what is actually happening around us – organisations are simply guessing. With guess work, inevitably, there will be over corrections, under corrections, or no action at all. This is because people don't have the right information to make decisions, or they are making them on the wrong pieces of information based on bias. Whilst getting this right is often difficult to achieve, without it, proper planning and decision making is difficult.

This is a challenge when we work strategically – the risk appetite statement might only be relevant in the moment it is penned – because in a VUCA world, five minutes later the world might have changed, or appetite might be different based on an opportunity or threat, or the activity undertaken.

Tolerance, on the other hand, is a different matter. Tolerance levels should be fixed in a more structured manner. However, even then, there have been numerous occasions where discussions have been held with educated, competent, successful organisational leaders, having debates about what is a risk; what is an issue; what is a hazard; what is a threat. Further, how many times are leaders mixing these concepts up? The less one is able to understand how to treat risk, or a management issue, the more difficult it is to get these elements right.

The table²⁷ below summarises these concepts:

	RISK ADVERSITY	RISK SEEKING
PROS	Perceived safety, perceived dependability, potential stability	Innovation, adaptability and agility
CONS	Inertia – stuck! An inability to adapt	Potential harm and loss

²⁴ <http://high-reliability.org/Weick-Sutcliffe>

²⁵ The Concept of DRE the appropriate methodology and associated aspects to develop it are the intellectual property of Risk 2 Solution, with contribution from Kate Down and cannot be utilised by any party without express written permission.

²⁶ Schneider (2018) – Can I see your Hands.

²⁷ Drawn from Schneider, Down and Johnston (2017)

WHAT DO WE NEED TO DO TO BUILD A ROBUST CULTURE?

Exercise: what do we need to do to build a robust risk culture?

Workshop participants were asked to highlight what they thought organisations needed to build the right risk culture.

The following is a summary of the key issues identified as the most important to get risk culture right:

- **Leadership** – we need to build authentic and humble leaders.
- A culture that **encourages people to speak up** and is constantly building trust.
- **Just culture** – a safety term, quite transparent and can be applied in many places so that people are able to learn from mistakes and be honest about reporting, etc.
- **Trust** – takes a lifetime to build and a second to destroy – it's a difficult concept to get right.
- If we don't **get the right information, analysed and corroborated into actual intelligence** we are working on flawed assumptions. This can be explained as – *if I'm at the top of the hierarchy, I need to understand all the way down. It's difficult to make good decisions and manage risk properly if I don't.*
- **Ownership and common language** – are two very powerful points. If people aren't willing to own, take responsibility, and be accountable for the decisions they make, the structures they run, and their decisions and actions are based on 'CYA' – this often results in them exploiting opportunity to move forward personally, even if it is to the detriment of the organisation and their colleagues. Simply put leaders need to own the decisions they make, and everyone needs to be empowered to lead where reasonably possible.
- **Silo-busting** – the more silos we have in an organisation, the more varied the jargon developed between different silos, the more miscommunication issues manifest.
- **Everyone on the same page** – finding a common vision, communicated in a way that is meaningful to people. If we don't have this, at best we are groups of people working in the same place. The aim is to have a committed team working towards something they believe in.
- **Building culture** – getting everyone to realise culture is something that permeates right from the bottom to the very top. If people aren't told that this is something they need to do, no matter their level, it's hard to get buy in.
- **KPIs are dangerous to risk culture** – they get people to perform just to the level we want them to, or if they are incentive driven then we may be incentivising them to do the wrong thing to meet their KPIs.
- **Innovative and agile** – once an organisation is mature enough to get proper tolerance and appetite levels, getting people to "have a go", within the accountable parameters is crucial to move forward – however, if people are too scared to fail then we can't ever hope to actually innovate and be agile.

For the full list of participant feedback, by state, see appendix two.

BEING A RISK LEADER IN A VUCA WORLD²⁸

Social license in a networked age

If people who work for organisations do not 'buy into' what the organisation does, it makes it difficult to get people outside of the organisation to 'buy into' what the organisation does, and think of them in a positive light. The result: failure.

When corporate social responsibilities and outreach projects focus efforts externally only, the result internally often leads to people who are alienated, disgruntled, and who do not 'buy into' the vision. Getting this aspect working correctly, is fundamentally important. An organisation's best ambassadors should always be those who work inside the organisation.

Conversely, it also needs to be accepted, that in reality, just about everyone lives in a networked world, which is inter-connected 24/7, with live-time consequences. For the majority of leaders, the biggest area of concern is reputation. This includes the constant flux of their personal reputation as well as organisational reputation – not just one or the other – in many cases, the two act as one.

The 'hero myth'

As children, we were raised believing that a hero will always save the day. When things go wrong, it is common to see 'knee-jerk' reactions, such as blaming the leaders, firing the CEO, or chairman of the board, or the coach. But realistically, in a large organisation, it is naive to think that simply swapping out the 'figureheads' is going to solve every problem. Unfortunately, this is something that is seen over and over again.

We must learn to be more forgiving of our leaders, particularly those who are learning and open to change. Realise that people in leadership positions are human – they make mistakes. Conversely, people need to be promoted and trained properly, to create better leaders, not just better managers.

Leadership vs managerialism

One of the biggest challenges currently, is that there is an entire generation of leaders now who were not trained to lead at all. Rather, they were trained to manage. Most were promoted for one of two reasons:

1. They were good at the job they did – technical experts who moved up the food chain. In the industrial age organisations trained technical experts as great managers to manage the process. In a networked age, managing the process is less important than leading the people who must manage the process. Leadership and managerialism are quite different skill sets, but both need to be cultivated.
2. Has modern business and academia looked at how we grow leaders? It has been recognised that good leadership is not just about administering a business and reading a balance sheet. Our leaders must have skills in the areas of: listening, empathy, emotional intelligence, situational awareness, and decision making capability. While leaders must know how to read a balance sheet, set KPIs, set strategic vision, etc., the basis for businesses that succeed is to know when to grab onto emergent strategy and not be limited to fixed strategy.

Modern business research shows that almost 90 per cent of successful organisations focus on emergent strategy as opposed to staying set on fixed strategy²⁹. 25 years ago, and still today, leaders were taught to plan, organise, lead and control, to set up a chain of command with a span of control and implement structures and systems that create output. They were not taught the subtle nuances and capabilities of knowing when to drop a product and switch to another. When to swap to the emergent opportunity that is coming out of something unexpected but is now something that is there. These are attributes that today's leaders must learn – and unfortunately it is challenging, because to learn, often mistakes need to be made. Lastly, to own the world we live in, one must accept that right now we are in one of the most interesting evolutionary stages of the global economy. Change is happening at a rate never seen before. This is the generation leading the transition from the industrial age to the information age. Experts suggest that we are currently in the fourth iteration of the information age. The challenges faced are diverse and will continue to evolve.

²⁸ Note these explanatory notes and the associated methodology to develop it are the intellectual property of Risk 2 Solution and Dr G Schneider and cannot be utilised by any party without express written permission.

²⁹ Drawn from research cited in Harvard's HBX's course on 'Disruptive Strategy'.

Old risk management vs new risk management

Trying to tackle new problems with old thinking is not always the right way to go. Conversely throwing out things that do work, doesn't make sense either. Just think about the cycle of centralisation, then decentralisation – new managers come in and go out often running through the cycle with no long-term benefit for the organisation at all. A maturity of leadership is needed, one that understands the bigger picture, rather than just making change for change sake.

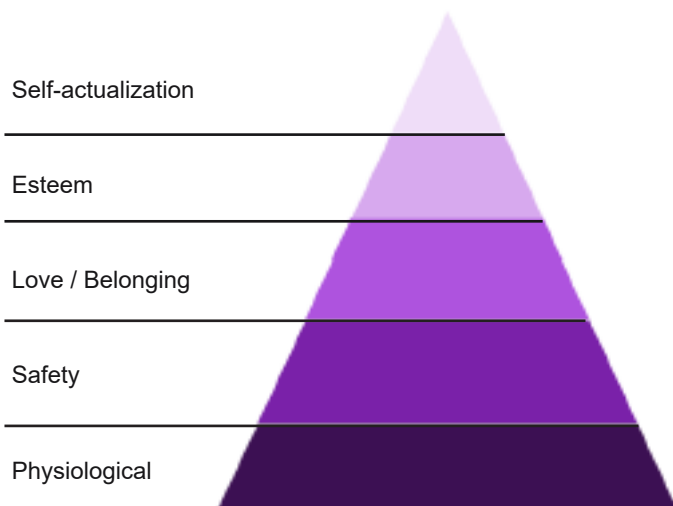
“We found that alongside our new approach to management, we had to develop a new paradigm. The role of the senior leader was no longer that of controlling puppet master, but rather that of an empathetic crafter of culture.”

“Management models based on planning and predicting instead of resilient adaption to changing circumstances are no longer suited to today's challenges.”

General Stanley McChrystal (2015)
Team of teams – New Rules of Engagement for a Complex World

INTRODUCTION TO THE SOCIAL PSYCHOLOGY OF RISK³⁰

Maslow's Hierarchy of Human Needs



While Australia is undeniably an amazing country, with enormous potential, it is interesting that many people who have lived here all their lives often take for granted how amazing this country is. Part of the challenge is that for the last three decades, people have generally grown up, been educated and have worked without ever having to think about the physiological and safety issues illustrated in the hierarchy above. Most people never have to think about what to do when something goes seriously wrong – or what they may or may not have to eat, or where they will stay.

They have the luxury of being able to almost solely think about those matters further up Maslow's Hierarchical pyramid such as: Do I have a good group of friends? Will I find someone I love? Do I feel special? Does the job I do give me fulfilment? How do the things around me make me feel?

Consequently (and part of the problem), people exposed to the lower level issues often crumble in worst-case scenarios. This is primarily due to the fact that they have never been given the skills they need to cope with these worst-case scenarios. Thus, we see increases in issues such as drug abuse, mental health issues, alcohol abuse, etc.

So how should this all be factored in? It must start with the idea of the Whole of Person Model³¹.

Applying the **WHOLE OF PERSON MODEL** (WOPM)

- Personal life
- Work life
- Virtual life

Think about yourself – there are three aspects to your life:

1. What I do when I work
2. What I do when I'm not working
3. The time when I transact virtually.

More and more our lives are virtual, increasingly in a VUCA world these aspects intersect. Would old-school, industrial age thinking (think old-school Work Place Health and Safety which focused only on the work place) consider how many people check emails at the airport, on the train or bus, take work calls in random places, or work from home? The world has changed.

Old school methodologies do not work as effectively as they did – policies and procedures that tell people what to do, explicitly in the context of one site, may not work at all. How do we manage WHS, when the popularity of work-from-home employees is drastically rising? Managers cannot inspect all employees working from home to ensure they're standing up every half hour, or to make sure they're managing their teams to do this. This new virtual, VUCA world presents many challenges and places a much higher level of trust on employees.

³⁰ Much of this material is drawn from 'Can I see your Hands' by Dr Gav Schneider (2017), Universal publishers and Risk 2 Solution IP and used with permission.

³¹ Note the WOPM and the appropriate methodology to develop it are the intellectual property of Risk 2 Solution and cannot be utilised by any party without express written permission



In addition, the focus needs to be on the way virtual markets are intersecting. To illustrate – imagine a seemingly trustworthy staff member is given a \$10 million budget to manage. At night that same person goes home, logs onto an online gambling site, enters their credit card details onto the site (likely not all that trustworthy) and ultimately sees nothing wrong with their gambling addiction. Would this person be seen as someone who could make good decisions in the workplace?

The way managers and leaders think must evolve. Attributes must be built that cover all three areas – professional, virtual and personal – and start by addressing what people do in worst-case scenarios. If people struggle to manage workload, how do we expect them to improvise, adapt, be agile, seize emergent opportunities, and manage stress associated with that.

What has been found, in the Social Psychology of Risk program and its underpinning research, is people do not differentiate between social stress or physical threat. For example, the same fight or flight response is triggered if someone is stabbed, or if they are alienated because they are not in the 'it' group. It causes the same, adrenal responses, and creates the same negativity. This is why it is so important to train those real attributes (agility, resilience, listening, empathy, emotional intelligence, situational awareness, decision making capability, etc.), as opposed to only traditional perceived attributes.

If people are not taught how to manage adrenalin and stress, regardless of its manifestation, it makes it far more difficult for them to cope with complexities the world throws at them.

There is a lot of talk around psychological safety these days. But it still seems that the basic things people learn at kindergarten are forgotten, or ignored, when entering the business world – namely, the ability to play nicely and share – which are fundamental life skills. It is somehow thought that this doesn't translate up to the highest level, so while at times the focus is on complex management and leadership development processes, the basic skill of listening and the ability to develop basic level emotional intelligence is assumed but not often taught or developed. It is assumed that leaders, already possess these skills – because people wouldn't be a manager, or a leader, if they didn't.

This has to change – we need to put effort into these core skills to create embodied leaders who can make great decisions and personify great risk culture.

THE 5 STAGES OF TRIBAL CULTURE³²

Case study example:

I set up my first business back in 2001 and sold that business in 2014. In 2012 I stepped out of the business to focus on other opportunities. To prepare, I brought my senior leadership team together, sat them down, and gave them the very best 'Braveheart' speech I could do. I tried to inspire them and motivate them. "I'm giving you guys full control of this business – it's yours, don't rely on me, it's going to be awesome for you."

I still remember looking around the room, confused, and seeing people responding in quite different ways. Some were looking at me with absolute terror and fear, some adopted that aggressive look of personal offence, only a few showed their excitement – which is the response I was hoping to get. I couldn't understand what I did wrong.

Only a few years later when I came across the 'tribal leadership' research that it started clicking for me. The stage two team members were thinking "my life is going to suck more", no matter what I was saying, all they were hearing was "leadership is going to change, change is bad, more work for me". The stage three team members were looking aggressive because I hadn't told them how great they were. Stage four guys were those happy with how things were changing.

Dr Gav Schneider

THE 5 STAGES OF TRIBAL CULTURE

RELATIONSHIP TO PEOPLE		BEHAVIOR	% OF ORGS
Team	STAGE 5 "LIFE IS GREAT"	Innocent Wonderment the language revolves around infinite potential and how the group is going to make history - not to beat a competitor, but because doing so will make a global impact. this group is in competition with what's possible, not with another tribe	2%
Stable Partnership	"WE'RE GREAT" STAGE 4	Tribal Pride people are fully themselves, & everyone seems happy, inspired, & genuine; the culture emphasizes shared core values and interdependent strategies; a 'we're great' tribe always has an adversary, & the bigger the foe, the more powerful the tribe	22%
Personal Domination	STAGE 3 "I'M GREAT (AND YOU'RE NOT)"	Lone Warrior knowledge is power, so people hoard it; they have to win, and winning is personal; the mood is one of wanting help and support, yet being continually disappointed that others "don't have their ambition or skill"	49%
Separate	"*MY* LIFE SUCKS" STAGE 2	Apathetic Victim people are passively antagonistic; seen it all before and watched it fail; quietly sarcastic and resigned; judging, yet never interested enough to spark any passion	25%
Alienated	STAGE 1 "<ALL> LIFE SUCKS"	Undermining people are despairingly hostile, banding together to get ahead in a violent and unfair world	2%

Sourced from: Tribal Leadership - Authors: [Dave Logan](#) · [John King](#)

³² Drawing from the excellent work of: Logan, D., King, J. P., and Fischer-Wright, H. (2008). *Tribal leadership: Leveraging natural groups to build a thriving organisation*

Stage 1:	Generally manifest by people who use language such as <i>“everything sucks”, “nothing is good”, “everything is terrible”</i> .
Stage 2:	A step up from stage one, where people use the language <i>“my life sucks”</i> . No matter what we do for them, <i>“life sucks”</i> , and they always have a reason to tell you why things are so bad.
Stage 3:	This is where most of us are trained to be. <i>“I’m great and you’re not”</i> . <i>“I work harder”, “I’m more qualified”, “I’ll do xyz to prove I’m greater than you”</i> – because that’s theoretically, how I move up in the world. There are small organisations where Stage 3 is enough. For example, if I’m a world’s best heart surgeon, Stage 3 is OK because I’m the rockstar – it’s all about me. But for most of us, and the vast majority of organisations, we have to try and drive Stage 3 people to become more team orientated to achieve our objectives, this poses some unique challenges.
Stage 4:	Moving up to Stage 4 research found the change in language is <i>“we’re great and they’re not”</i> . But research also found when a person moves from Stage 3 to Stage 4, a 30-50 per cent gain in productivity is realised. So there is a real benefit in moving people from <i>“I’m great”</i> to <i>“we’re great”</i> .
Stage 5:	I have no competitors – this is the aspirational level. The <i>“why”</i> reason people were there was so strong and such a powerful motivator they didn’t feel they were competing against anyone. The move from Stage 4 to Stage 5 brings another 30-50 per cent gain in productivity.

It is important to understand what level people are at, because people can only hear a level up or a level down from where they are at. If people-change is not done right, change cannot happen. Even with the best training, the best systems, the best technology, things will not work if the people are disengaged and don’t care. It is critically important to get this part right.

If investment in risk culture continues to be only via additional tools, more systems, a better policy, and compliance based training on how to use the tools and policy, the same problems will keep occurring.

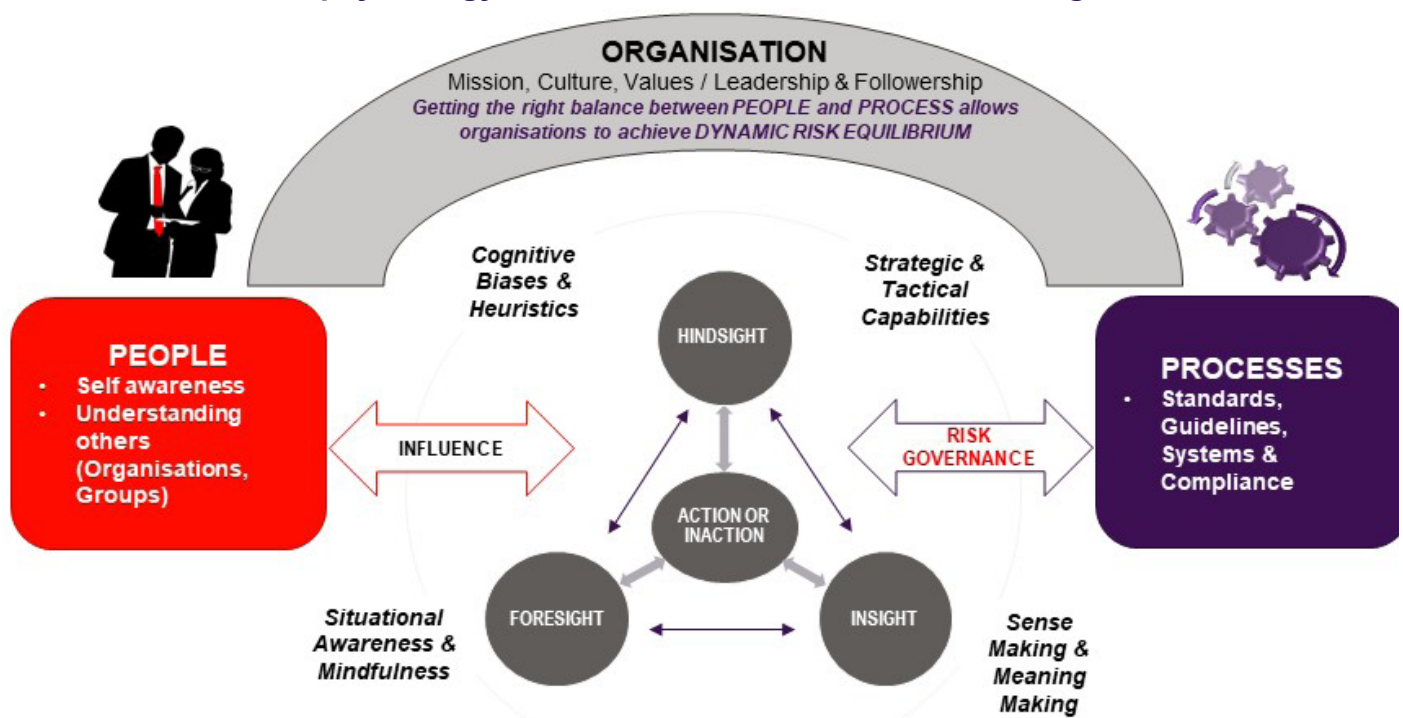
Case study example:

The world has changed. In a networked information age the people at the bottom of the organisational hierarchy are the ones that are important.

Consider your 5/5 risk matrix. We tend to manage issues that are identified as orange or red. But if we look at most risk matrices – the very, very low likelihood and very, very high consequence – usually fall in the yellow or green sections – we don’t usually do much about these risks. However, these are the things that will destroy us if they happen. Look at the other side, the things that happen all the time – high likelihood, low consequence. Something like a customer engagement or telephone conversation. Now, in the world we live in with social media, if someone has a negative experience, they post a negative comment, and the post goes viral – this is something that could destroy the organisation. The risk methodology we adopt doesn’t factor in the complexity of the world we live in today. We over simplify the process in many cases. We must get better at how all this intersects. Tactical and strategic leadership is how it starts.

THE PSYCHOLOGY OF RISK AND ENHANCED DECISION MAKING

The psychology of risk and enhanced decision making model³³



(Risk 2 Solution, 2018)

The above model is complex and takes a long time to truly understand and apply because each aspect is a paper in its own right. As a basic explanation:

- A bridge needs to be found between process and people – this is, establishing strong organisational vision and mission, and making sure it aligns. One cannot be had without the other, and they must work together.
- People are usually motivated by influence, and governance drives the implementation of processes.
- At the centre of all of this is a decision. Usually any decision comes down to two things; to do it, or not to do it – and then consider all the trade-offs, and consequences.
- Hindsight, insight and foresight, need to be developed as interrelated skill sets.
- To do this, people need to build strategic and tactical capabilities. They need to be able to think strategically, act tactically and at all levels of the organisation. This is not to say that at all levels, everyone should be equally strategic or tactical. There is a natural shift – people at the top of the organisation might be 90 per cent strategic and 10 per cent tactical; people at the bottom might have the split the other way.
- Next, sense making and meaning making need to be taught – and unfortunately, this is more complicated than it sounds. If people in the same organisation, or team, are not making the same common sense, then there is no ‘we’ – there are just people making different decisions from different points of view, doing what they think is right.
- Situational awareness and mindfulness need to be developed. People must be taught how to be present, and to understand what’s going on around them.
- Most importantly however, is that none of this can happen unless people are taught how to manage cognitive biases and heuristics.

³³ Note: the psychology of risk and enhanced decision-making model and the associated methodology to develop and apply it are the intellectual property of Risk 2 Solution and Dr G Schneider and cannot be utilised by any party without express written permission.

CONCLUSION

This paper aims to tackle the issue of what needs to be done to build robust risk culture. We need to consider many variables and it's not a simple challenge. However, by working to integrate the aspects outlined in this paper, the achievable objective of risk intelligent people, who work in risk intelligent teams and make up risk intelligent organisations, that manage DRE well, and apply Presilience, is achievable.

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Appendix



Appendix

One

WHY DO WE FAIL SO OFTEN AT GETTING RISK CULTURE RIGHT?

Workshop participants were asked to highlight why they thought organisations fail so often at getting risk culture right. The following is a summary of their findings:

MELBOURNE

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| <ul style="list-style-type: none"> • Leadership – disconnect between rhetoric and incentives • Lack of understanding of risk and the consequences • Lack of understanding of interdependencies. • Aversion to address risk ‘inconvenient truths’ • Failure to look for hidden risks • Failure to listen to the people at the coal face with the lived experience. • Failure to think in terms of resilience ‘the outcome’ • Unified understanding of end goal – what “success” looks like • Tone from the top • Responsibility transparency • Accountability • Behaviours • Complex language • Excessive processes • Information asymmetry • Lack of understanding of what culture is • Differing risk thresholds • Lack of vision • Personal agenda (ego) • Macro understanding • Autocratic leadership (lack of collaboration / inclusiveness) – one track mind • Lack of resources • Poor processes • Inflexible • Wrong priorities • Risk seen as regulatory requirement • Risk seen as constraint to business • Greater reward means greater risk (incentives) • How to bring values to life • Unmeasurable risk culture • Way organisation responds to breaches or breakdown in risk | <ul style="list-style-type: none"> • Not articulating risk as opportunity • Ownership: clarity and commitment • Tolerances: acceptance and assessment • Achievability / competing BAU • Ownership (lack thereof) • Cognitive biases • Focus on process only • Lack of awareness: of risk and of benefits of managing it. • Avoidance – who is responsible? • Burden (perceived) • Not integrated (bolted on) • RACI: Responsible, Accountable, Consultative, Inform • Compliance driven? • Failure to set tone • Profit over safety • Shortcuts • Human error • Leaders who don’t match values and behave outside values • Don’t tell people what values look like • Tick box compliance not empowered. • Focus on how we do things without robust consideration of if it works • Don’t spend money on safety and risk • Reward and promote leaders for short term out comes – and risk culture takes longer • Risk takes time – hard to cost value • Personal agendas • Scared to fail – risk aversion • Wrong tone from the top • Communication failure • Incentives not aligned to culture / appetite • Differences between overall culture and risk culture • Process driven vs outcome driven • Risk culture hard to define and measure. |
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CANBERRA

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| <ul style="list-style-type: none"> • Lack of clear values • Afraid to challenge leadership / decisions • Arrogance • Communication – poor / absence • Lack of acceptance • Misunderstanding of law • Misunderstanding of process • Fear • Focus on rules and regulations rather than understanding risk • Lack of an underpinning risk based approach / framework • Failure to integrate across whole of organisation. • Failure to build a safe culture to discuss and address risk • Expectations not set / communication • Don’t sell value • Trust / relationships • Rule-setters don’t know business / business doesn’t know why • Research • Communications • Rewards and values don’t align • Communication | <ul style="list-style-type: none"> • Timeliness and trust • Leadership • Understanding • Tone at the top • Lack of alignment – management / staff disconnect • ‘Know’ the business • Silos • Pace of change and disruption • Governance • People don’t believe it – view it as a bolt on; talking the talk, not walking the walk • Resistance to free thought, change, critical thinking – safer to stick to known processes, even if not effective • Change – unfamiliarity and difficulties to keep up with the status quo • Lack of understanding • Tick and flick / just paperwork • Failure of board / executive to drive risk / adherence to stated appetite • Risk managers left to it – lack of ownership of business • Poor systems / framework. |
|--|--|

BRISBANE

- Staff incentives contrary to culture
- Uncertainty: priorities and focus
- Fear – if I do something wrong
- Blame and retribution
- Ambiguity – have clear direction: risk; strategy
- Only looking through one lens: not just safety, opportunity and reputation
- Implementation – then nothing
- Absence of fundamentals
- One size fits all
- Poor governance / management
- Cognitive dissonance – what is true?
- Systematic: complexity, misalignment and values – organisation; personal
- Dealing with non-compliance
- Lack of understanding
- Competing interests (self-interest)
- Systems behaviour
- Time management
- Lack of ownership
- Risk registers – reporting
- Apathy
- We don't think there is a need
- Too comfortable
- We look up to leadership to guide us
- How do you develop a combined culture within an organisation?
- Complacent
- Fear about raising issues – coming forward. Un-Australian
- Over regulated
- Risk adverse
- Accountability averse – lack ownership
- Not knowing the future
- Alignment with organisational culture – risk – strategic objective
- Driven by catastrophe
- Strategy – objectives (make it real and manageable)
- Understanding risk – shared
- Systematic greed
- Ego
- Ambiguity
- Poor communication
- Monitoring
- Not elimination – management of risk
- More focus on profit
- Lack of knowledge / resources
- Compliance rather than behaviour
- Unconscious bias
- Focused on minimum regulatory requirements
- Lack of awareness of why risk culture is good for business
- Lack of leadership and competing interests
- Too cruisy – haven't experienced enough pain – first world problem
- Not a factor in performance measurement
- People relying on personal interest and ego / self-interest – not organisation or public focused
- Haven't defined what failure or success is
- Risk / reward: reward disproportionate and risk – punishment insignificant
- NGO / NFP – Risk adverse: lack of strategy and conflict in understanding of risk exposure
- Threatening
- Fear of looking – not in control
- Nobody wants to own it
- No speak-up culture
- Incentives overrule willingness to identify and manage risk
- Lack of systems and discipline to manage risk.

SYDNEY

- Difficult to measure – subjective/not black and white
- Lack of consistent definition/understanding – what's acceptable
- Short term focus can get in the way – competing priorities and risk is reward
- 'One size fits all' – large organisations – board level (top down) and not 'tangible' for everyone
- Hard to convince people risk is important, getting buy-in
- People think they know better
- Risk seen as boring, have to do, compliance
- Different people have different experiences
- People think they've got it all under control – know all they need to know – fixed mindset
- Not all core consideration
- Mal-aligned to core business drivers (bonuses, what is in it for them)
- No buy-in
- Messaging and consultation with actual business is lacking
- Focus on processes
- Not seen as shared responsibility
- RM can be complicated
- RM is negatively primed vs value creator
- Lack of consensus
- Fail to integrate
- Process – tick the box
- Words on paper
- Good intention – no follow through – no reflection – lack of learning
- Societal culture – macro culture – authority
- Pioneering culture
- Disconnect between objectives at different levels
- Negative focus of risk – don't see the opportunities
- Handbrake to happiness
- Driven by legislation rather than choice
- Change management piece is missing
- Strategic vs operational risks
- Culture
- Basic understanding of risk concepts and how it influences decisions
- Transparency – seeing op risk up to board, doesn't get filtered up and value/benefit
- Attitude and tolerance to operational v strategic risk
- Lack of engagement
- Lack of understanding
- Alignment with 'why'?
- Depth of 'why'?
- Assumptions
- Lack of systems / structure
- Risk tolerance / appetite / culture
- Pace of change
- Inconsistent application
- Modelling
- Micro-cultures
- Perspectives
- Beliefs
- Change management
- Risk should be embedded in all aspects of the business
- Independent of other business functions
- Rewards are wrong
- Leadership and balance of what is fair and right
- Hard stuff easy tasks; behaviour hard (cognition)
- Hard to measure
- Lack of common language
- Lack of consistency
- Politicians – staff you let go past as too difficult to talk about
- Delusional optimism
- Complacency – KPIs/\$ – must be going well
- Profit priority – competing priorities
- Done as a one off

Appendix

Two

WHAT DO WE NEED TO DO TO BUILD A ROBUST CULTURE?

Workshop participants were asked to highlight what they thought organisations needed to do, in order to build the right risk culture. The following is a summary of their findings:

MELBOURNE

- | | |
|---|--|
| <ul style="list-style-type: none"> • Ownership • Follow finished • Open / transparent communication • Peer to peer comparison • Clearly articulate what culture want • Align incentives • Common risk language • Build trust • Trust in self, staff, leaders, team • Listen • Ask questions • Collaborative leadership teams • Allow people to fail • Learn from incidents not blame individuals • Organisation have structures to protect staff • Education – “teach me how to risk” • Personal buy-in • Ownership • 3 lines of defense • Tools / environment • Empowerment • Learning not blaming • “Enhanced decision making” (not ‘risk’) • Awareness – all on the same page • Recognise personal biases | <ul style="list-style-type: none"> • Find the ‘why’ • Visibility of the management of risk • Dedicated time spent with leaders • Engage leadership to contribute to the design of risk management process • Using the right ‘business language’ • Enabling each other – identifying what people need to achieve / deliver • Need to clearly define – risk, threat, hazard ... in the context of the organisation • Need a process to identify hidden risk. • Clearly identify the consequences of not addressing risks • Build inclusive culture that encourages people to speak up – safe culture • Building trust and confidence that risks will be addressed • Education • Encourage innovation (+ embrace and give feedback) • Aligned recruitment strategy • Humble leaders • Permission to fail • Define how you want to balance • Defining risk tolerances • ‘Tone from top’ – alignment throughout the organisation • Ownership of cultural outcomes • Fail-forward |
|---|--|

CANBERRA

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| <ul style="list-style-type: none"> • Simplicity! Help staff engage • Openness / accessibility • Top down approach • Tie into business planning / make part of the conversation: all the time topic – not just once per year • Drive positive view of risk • Personable risk people: conversation, engagement and staff seek help / advice - trusted advisor • Safety culture initiatives • Clear values that are measured • Kept front of mind • Real conversations • Empowered to challenge • Leadership: inspired / knowledgeable and take away fear of making mistakes • Have boundaries and parameters • Embed sense of business: why, direction, culture and intent • Integrity / trust / ethical • Clear messaging • Build trust | <ul style="list-style-type: none"> • Agreed goals • Continuous practice • Reflective learning • Common understanding / sharing / collaboration • Situational awareness • Rewarding collaboration • Empower and provide avenues for sharing • Environment – safety / whistleblower / courage • Education / awareness / understanding of risk • Leadership – leading by example, valuing the process • Empowerment • Resources • Appetite and articulation of risk and realism. • Target the top – risk champions, empowerment, good communication • Aligning risk to organisational goals and objectives • Making risk meaningful and relative • Tone from the top: self-belief, visibility and education • How? Broadened perspective of individuals • Engage personnel to help them shift their views. |
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BRISBANE

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|---|---|
| <ul style="list-style-type: none"> • Meaningful – engaged on risk appetite • Clear on objectives and strategies • Access to good information – internal and external • Top led culture – ‘speak up culture’ • Acknowledge risk focus on how to fix it • Agility • Leadership by example <ul style="list-style-type: none"> • Leadership and relationships – trust • Catch people doing something right – reward • Culture of norms and traditions • A culture based on relationships – common goals • Communities • Creating an environment challenging risk – what does risk look like • Strategic link: education, collaboration, informed decision making, supporting, process, trusted and communication • Innovation with built in safety nets • Inclusiveness across organisation • “Safe to fail” • More robust people strategies • Invest in people – build behavioural capability • Open communications systems • Adaptable systems and processes • No lip-service • Educate leaders on value of risk information in decision making • Develop and grow leadership skills to increase capability including encouraging relationships with people – more personal, get to know people • Bring together people with different backgrounds • Take responsibility and ownership – to know and understand the risks • Re-adjust priorities and have the space to switch | <ul style="list-style-type: none"> • Encourage opportunity seeking • Need a narrative re: why we want to do things differently. • Consequences of not changing – WIIFM • Commitment top down • Engagement at all levels • Incentive / values / behaviour / beliefs • Everything that you do • Ownership and trust from everyone in the organisation • Communicate better – take people on a journey • Transparency for all • Respect – both ways • Inclusion – top down • Hierarchy – do we need it? • Diverse opinions – transparency – open communication • Alignment of people and goals – synergy • Education – synergy • Decision making – open communications • Effective resource use • Establish corporate trust • Sense of purpose: motivation • Positive leadership • Connection to individuals and encouraging ownership – what’s in it for me • Embracing opportunities – not just the negative aspects! • Diversity in thinking and supporting experimentation and new and challenging ideas • Everyone on the same page – shared belief • See risk as an opportunity and for improvement and innovation • Devolution of decision making – accountability • Too much focus on systems rather than it being a culture of risk intelligence • Need time to build up a process of thinking and intelligence. |
|---|---|

SYDNEY

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|---|---|
| <ul style="list-style-type: none"> • Communicate! (case studies) • Frame rewards and behaviours • Change narratives = positives • Empower staff and managers to manage risk • Describe opportunities • Relay understanding of application • Model – leadership and advocacy • Balanced promotion • Make risk (like WHS) everyone’s responsibility • Create ownership • Creating awareness / education and understanding • Engagement • Focus on specific groups and targeted approach • Tailor communication to the audience • Achievable goals • Adoptability • Foundation of trust and honesty (leadership culture) • Language that aligns to culture • Empowering people by making it relevant • Accountability • Consistent messaging from the top • Workable / practical • Aligned / built into rewards (not just \$) • Tap into influencers (might not be senior members) • Baseline • Not all risk is bad • Helping achieve goals • Allowing failure, rather than punish • Change the language • Strive for greater cause • KPI’s – negative impact to the culture • Risk is an attitude • Make safe to challenge | <ul style="list-style-type: none"> • Time on thinking about future – create space • Narratives / stories – share • Repetition, repetition, repetition • Bring different perspectives • Can we / should we – different hats • Trial and be willing to let go • Accountability – where / responsibility – all • More focus on empowering people and right leadership • Focus on building capability • Recognition and acknowledgment of desirable behaviours • Connected through values • Creating a collaborative environment • Honesty, integrity and transparency – true to just words / statement • Formation • Consequences management • Rewarding ideal behaviour • Embedded values in decision making • Demonstrated leadership true to values • Embedded in the organisation • Clarity of purpose • Enforced and encouraged incentivising the right behaviour • Financial incentives, social incentives – social rewards and punishment • It’s ok to make mistakes • Tone at the top • Demonstrate right behaviours • Consequences / disincentive consistently applied and rewards • Understanding your people = collection of very different people with different ideas on risk • Need simple, clear message – no jargon • Start with ‘why’. |
|---|---|

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