

Element 1.1: Different definitions of Risk

Activity

What does risk mean to you?

Element 1.1: Different definitions of Risk

Activity

What does risk mean to your organisation?

Clue: You might find this information in the risk policy or in the annual accounts.

Element 1.1: Different definitions of Risk

Activity

What are your organisation's strategic objectives?

Clue: You might find your organisation's objectives in its annual report.

Element 1.1: Positive consequences of risk

Activity

What are your organisation's opportunities?

Clue: Think about your business and the market it is operating in or the challenges it faces.

Element 1.1: Sources of information used for the identification of uncertainty and risk

Activity

Where might you find relevant information on risk and uncertainty for your organisation?

Element 1.1: The value of information

Activity

Think about information gaps or misleading information within your industry, company or team.

Element 1.1: Identification and categorisation of risk

Activity

How do you/might you categorise risks in your industry, company, project or function?

Element 1.1: Identification and categorisation of risk

Types of risks at work

Activity

What are the greatest sources of risk within your organisation? What might happen (what is your potential event – is it positive or negative)? How likely is that risk, and what might the consequences be?

What steps can you take to manage that risk?

What are the significant risks facing you, your team, and your organisation?

| Risk Source | Potential Event(s) | Likelihood | Consequence | Control(s) |
|-----------------------------------|---|--|--|---|
| EXAMPLE: Extreme weather event | Damage to building – to roof from strong winds or heavy rain, or to ground floor from flooding or failure of drainage | The risk of extreme weather events is increasing. Cuts to local services mean increased risk of drain blockage on public highway | Loss of production. Damage to products and raw materials. Failure to meet customer orders and cash flow implications | <ul style="list-style-type: none">▪ Routine roof surveys▪ Off-site storage▪ Insurance |
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Clue: Think back to your organisation's objectives. Think about your stakeholders.

Element 1.2: Different approaches to risk psychology

Activity

Take a few minutes to consider how each of these themes can affect decisions on risk or risk management in an organisation.

| Theme | Effect on Risk | Effect on Risk Management |
|------------------------------|----------------|---------------------------|
| Power and submission | | |
| Conformity and consensus | | |
| Selective attention | | |
| Recollection of events | | |
| Learned behaviours | | |
| Reactions to negative events | | |

Clue: You might identify elements like:

- power in the hands of those without knowledge
- conforming might mean accepting risks
- selective attention or recollection of events meaning important things are missed
- how introducing bonus schemes might influence behaviours.

Element 1.2: Different approaches to risk psychology

Activity

Take a few minutes to consider how each of these affect risk behaviours and approaches to risk management.

| Theme | Positive risk implications | Negative risk implications |
|-------------------------|----------------------------|----------------------------|
| Openness to experiences | | |
| Conscientiousness | | |
| Extroversion | | |
| Agreeableness | | |
| Neuroticism | | |

Clue: In this exercise, you might identify how:

- Being open to new things might solve problems but might increase risk taking
- Conscientiousness might ensure rules are followed, but that might include following rules that are wrong
- Extroversion (sociability) might produce leadership behaviours but could result in dangerous actions
- Agreeableness might mean listening and trusting others but might also mean doing things out of a desire to please others
- Neuroticism may produce a fear of doing things wrong but might also make open discussions about past errors difficult.

Element 1.2: Why people think and act differently

Activity

Think for a few minutes about how your own organisation acts to enable their employees to realise these states. Then think how an organisation's activities can create risks for the organisation.

| State | Organisational activities | Risks (positive or negative) |
|-----------------|---------------------------|------------------------------|
| Physical needs | | |
| Safety needs | | |
| Belonging | | |
| Self-esteem | | |
| Self-fulfilment | | |

When you start to think about how different organisations fulfil these needs, you can start to realise the importance and link between culture and behaviour.

Element 1.2: Why people think and act differently

Activity

Look at each of these dimensions in turn and consider the risks for your organisation (positive or negative).

| | Risks (positive or negative) |
|---|------------------------------|
| <p>Power distance</p> <p>If you work in a culture where there is a low power distance, you might be used to challenging your manager or supervisor, asking questions, and working together to find solutions. Going into a culture with a higher level of power distance, you may find other employees less willing to challenge their superiors, and managers less willing to accept criticism.</p> | |
| <p>Individualism</p> <p>Working in a culture with high individualism means that the team is there to facilitate individual success. Success is assigned to individuals and not teams. Individuals working in an individualist culture might be criticised for not being a 'team-player' in more collective cultures.</p> | |
| <p>Masculinity</p> <p>To succeed in a masculine culture, you will be expected to show toughness and assertiveness. Being soft is seen as a weakness. Individuals who are not working in this culture might find the style of management aggressive or intimidating.</p> | |
| <p>Uncertainty avoidance</p> <p>Some cultures rely on strict rules, beliefs, and values to define expectations. In other cultures, a less formal, more relaxed way of doing things prevails (for example, rules are either non-existent or less enforced).</p> | |
| <p>Long term orientation</p> <p>Having a long-term orientation means investing in tomorrow, or next week, or next year. The opposite orientation rewards well today but moves quickly on to tomorrow with little regard for yesterday.</p> | |
| <p>Indulgence</p> <p>In cultures with a high level of indulgence, it would not be unusual for success to be rewarded lavishly. In cultures where this is not the norm, the same rewards might appear lavish, ostentatious, or inappropriate.</p> | |

Element 1.2: Benefits of diversity and diverse thinking

Activity

How can you introduce more diverse thinking into your activities?

Element 1.2: Benefits of diversity and diverse thinking

Activity

Thinking about your organisation:

Describe the culture in your organisation.

What are the never events in your organisation?

What do you do to prevent a never event in your organisation?

How openly can you talk about a potential never event in your organisation?

Element 1.2: Conscious and sub-conscious decision making

Activity

How might sub-conscious thinking affect your activities at work?

Element 1.2: Behavioural economics and decision making

Activity

What behaviour can you nudge in your organisation – how?

Clue: Think about the whole section

Element 2.2: Determining scope in the risk management process

Activity

Think about your own organisation – how might you describe your scope and context?

Element 2.2: Determining scope in the risk management process

Activity

Think about scope and context in your organisation

Give some examples of the risk types in your organisation:

Picking one risk type from the list you have created above, think about what impact this risk can have on your organisation's objectives:

What sort of decisions might have to be made in relation to that risk?

What could the outcomes be?

Element 2.2: PESTLE model

Activity

Think about your own organisation. Use the table below to document some of the external risks that might impact upon its ability to achieve its objectives.

| Element | Opportunities | Threats |
|---------------|---------------|---------|
| Political | | |
| Economic | | |
| Social | | |
| Technological | | |
| Legal | | |
| Environmental | | |
| Ethical | | |

Element 2.2: Porter's Five Forces Model

Activity

Referring to the Porter's Five Forces model, think about the influence of the following areas on your organisation.

Competition

Accessibility

Supplier power

Purchaser power

Substitution

Element 2.2: Internal Factors

Activity

Take a moment to think about your organisation's business plan and values?
What are they?

Business Plans

Values

Element 2.2: Internal Factors

Activity

Think about your organisation – would you describe it as more progressive or defensive, more consistent, or more flexible? How might that affect the resilience of your organisation?

Element 2.2: Stakeholder Analysis

Activity

Who are the stakeholders in your organisation, function or project?

Element 2.2: Stakeholder Analysis

Activity

Review your stakeholders, where do they fit in the power and influence model below.

Keep satisfied

Key player – manage closely

Monitor

Keep informed

Element 2.2: Organisational Resilience Index

Strengths and weaknesses exercise

Activity

For your organisation, list its strengths and weaknesses under these headings:

| Element | Strengths | Weaknesses |
|------------|-----------|------------|
| Leadership | | |
| People | | |
| Process | | |
| Product | | |

Element 2.5: Risk information

Activity

How does your organisation record risk information?

Element 2.6: Communication and consultation in the risk management process

Activity

How does your organisation communicate information on risks internally?

Element 2.6: Communication and consultation in the risk management process

Activity

How does your organisation communicate information on risks externally?

Element 3.1: The risk management framework

Activity

How can a risk management framework support decision making in your organisation?

Element 3.1: The risk management framework

Activity

What types of resources might help your organisation to manage risk effectively?

Element 3.1: The risk management framework

Activity

What knowledge, skills, or behaviours do you have that help you to manage risk effectively?

Element 3.2: The risk management framework and its relationship with culture

Activity

Thinking about your culture, how does it influence your approach to risk management.

| Positive Factors | Negative Factors |
|------------------|------------------|
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Element 3.2: Features of a positive risk management culture

Activity

How does your culture influence the risks you take (risk culture) and how you manage them (risk management culture)?

Element 3.2: Features of a positive risk management culture

Activity

How well does your organisation develop and monitor its risk management culture?
