



### **RISK AWARENESS – Taking Control of Organizational Risk Culture.**

#### **Introduction**

Risk culture is a term describing the values, beliefs, knowledge, attitudes and understanding about risk shared by a group of people with a common purpose. This means that culture is group oriented.

More precisely, what attitudes and behaviors do you want employees to display TOWARDS RISK or unfavorable events threatening organization objective.

Risk culture involves the training of mind, heart and personal character to respond effectively to any situation of risk and take the right decision to mitigate, control or optimize risk to the advantage of the organization

It can also be seen as a *pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has 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 these problems.*" it is about how an individual responds to a given situation of risk.

#### **1. How culture is formed**

Attitude: The chosen position adopted by an individual or group in relation to a given situation.

Behavior: External Observable actions including decision, processes and communication

Culture: **Values, beliefs, knowledge, attitudes and understanding about risk shared by a group of people with a common purpose**

ATTITUDE -----	BEHAVIOUR-----	CULTURE
<b>The way we think about risk</b>	<b>the way we act-repeatedly</b>	<b>Way of life</b>
a) Thinking in a right way	Leads to appropriate behavior	Good culture
b) Thinking in a wrong way	Leads to inappropriate behavior	Negative culture

#### **2. Why do we need a good risk culture?**

- Overall objectives of the company will be a reality
- Guarantees smooth running of operations within department across the organization.
- The continuity of the organization solely depends on it.
- The social and economic wellbeing of every staff depends on it.
- Effective risk Management: A risk-aware culture encourages open communication, knowledge sharing, and continuous process improvement. It enables better risk management.
- Organizations resilience: A robust risk culture helps the organization to navigate times of crisis and helps build a cross- cutting defense in the face of adversity.

#### **3. Taking Control of Organizational risk culture**

- Every department must have a common unified approach to managing its risk. In other words, every department must have a slogan called "**this is the way we do things around here** (with respect to risk management).
- Management must buy in into risk management culture. (Tone at the top)



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- The slogan and the phrase "This is the way we do things around here should be built into a set of minimum standard behavior and attitude expected from every member of the team with respect to risk culture.
- Take the Lead do the role playing as a leader: A clear and well communicated risk strategy is very crucial.
- High standard of Information sharing across the organization
- Visible and Consistent role modeling of desired behavior by senior management staff towards risk.
- Continuous and constructive challenging of actions and preconceptions at all levels of the organization.

### **4.The power of a good risk culture**

- Cultivation of Consistent risk culture throughout firm is the most important element of risk management.
- There is a way risk management culture can assist in reducing risk in times of economic uncertainties.
- Even in challenging times that we are currently facing in Nigeria, it is very important to stress that a good risk culture is crucial to organizations a health and performance.
- GOOD NEWS- A good risk culture does not **COST** an organization a dime it only requires **OUR COLLECTIVE WILL TO DO THE RIGHT THING**, and the result will be tremendous even in these times of economic uncertainties.

*...to be continued!*

**Internal Control, Compliance and Risk Department.**