

PROJECT RISK MANAGEMENT

Chapter 2: Project Manager as Risk Manager (Risk Culture)

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Chapter Description

- **Expected Outcomes**

- Understanding the importance of risk aware culture in an organization
- Understanding the role of risk management policy in an organization

- **Reference**

- Source: BS31100 (BS 31100) Code of Practice for Risk Management and Guidance for ISO31000



Content

2.2 Risk Culture

2.2.1 Defining Risk Culture

2.2.2 Risk Culture and Risk Strategy

2.2.3 Risk Management Policy



Risk Culture

Defining Risk Culture

- Defining organization culture is difficult
- It is known as the whole reflection of attitude of each management component in an organization
- The product of established risk culture is the individual/group appreciates as well as having patterns and attitudes towards behavior of risk.

Defining Risk Culture (cont'd)

- Established risk culture will result in the organization's commitments towards the objectives of RM
- The organization with risk-aware culture can be recognized by communications based on common perception and mutual trust of RM's importance.

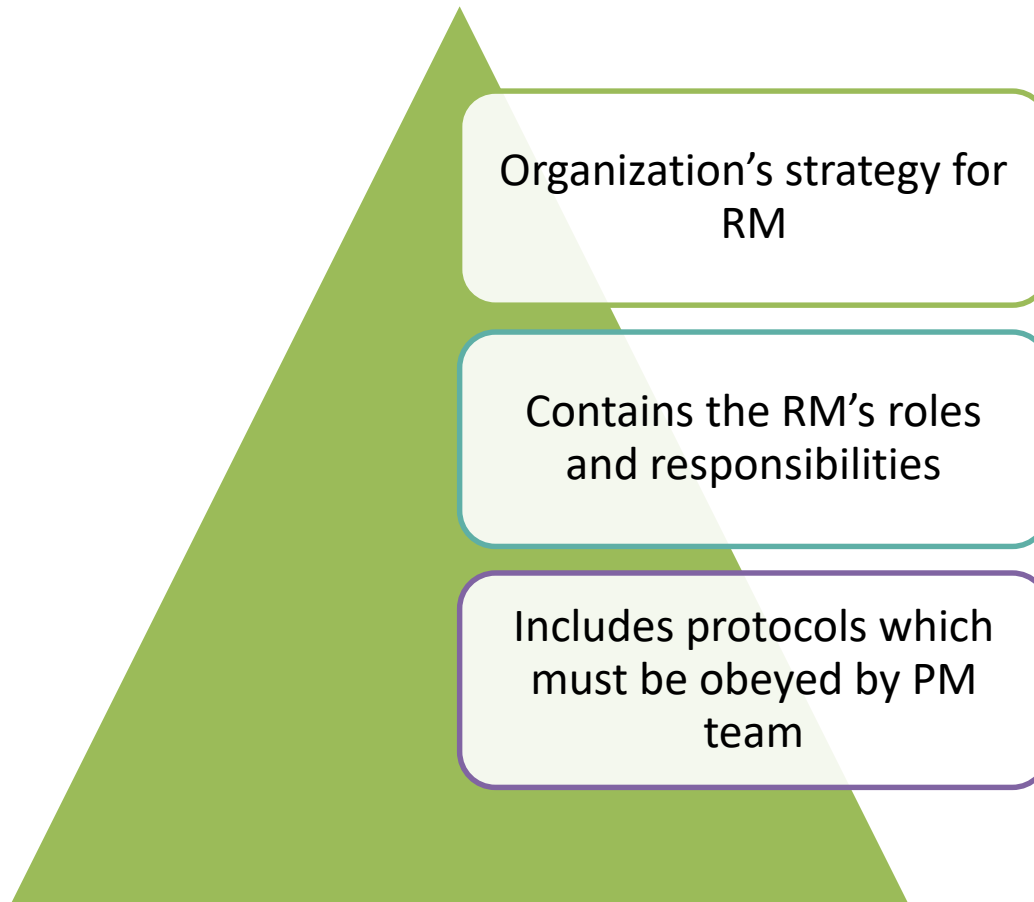
Defining Risk Culture (cont'd)

Leadership	Strong leadership within the organization in relation to strategy, projects and operations
Involvement	Involvements of all stakeholders in all stages of the risk management process
Learning	Emphasis on training in risk management procedures and learning from events
Accountability	Absence of automatic blame culture, but appropriate accountability for actions
Communication	Communication and openness on all risk management issues and the lesson learnt

Risk Culture and Risk Strategy

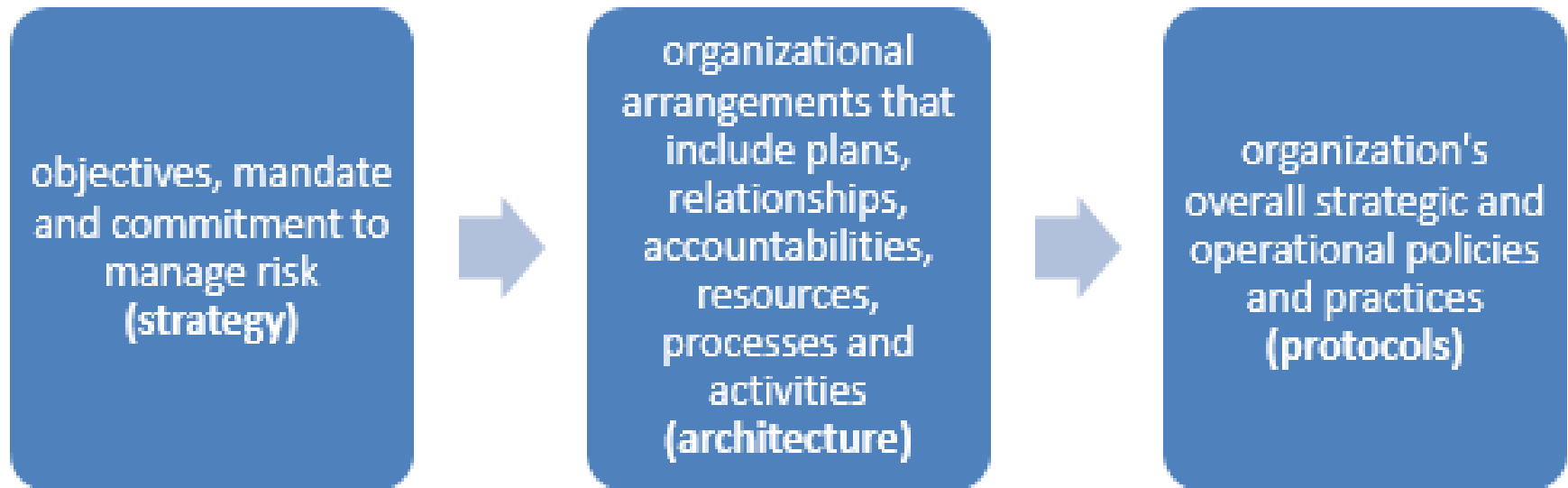
- Risk guidelines which contains a quality RM policy including procedure and guidelines details indicate risk culture in an organization.
- By improving risk culture in an organization, risk management process which lead to risk management outputs will be improved.

Risk Management Policy



Risk Management Policy (cont'd)

British Standard BS 31100 specify RM framework should include:



Source: BS31100 (BS 31100) Code of Practice for Risk Management and Guidance for ISO31000

Risk Management Policy (cont'd)

- Organizations documented risk protocols as guidelines.

Documentations
required:

RM records of
administration

Risk response &
Improvement
Plans

Event reports &
recommendations

Risk response and
monitoring
reports

Examples of Risk Management Policy

**ISO 31000 - Risk
management**

**BS31100 (BS 31100)
Code of Practice for
Risk Management
and Guidance for
ISO31000**

**Commonwealth
Risk Management
Policy**

Conclusion of The Chapter

- **Conclusion #1**
 - Establishing risk-aware culture is crucial for organization as it represents how the individual/group will act regarding risk
- **Conclusion #2**
 - Developing confidence to share selected tools and measure to manage risk.



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