Risk Management Guidelines: from theory to practice

Presentation to Workshop on Risk Management Practices in Statistical Organizations

UNECE-Workshop on Risk Management Practices in Statistical Organisations


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Agenda

- Toward Guidelines:
  - R. Motivation
  - R. Design
  - R. Activities

- Literature review framework

- Field research framework
  - Risk management uses
  - Risk management systems
  - Risk management processes
  - Risk management context
Toward Guidelines: Research Design

Risk management
shared knowledge

Formalization

RM Guide Lines
Toward Guidelines: Research Motivation

- According to several scholars, risk management is much more than a technical analytical practice: it could be seen as a “model of organization” (Gephart et al., 2009; Power, 2004, 2007; Scapens & Bromwich, 2009), and its adoption can produce very different effects.

The Risk of risk management

- On the one hand, the adoption of RM systems cannot avoid the collision with the dysfunctions of the bureaucratic model (Gouldner, 1954; Merton, 1949; Seleznick, 1948, 1949).
- RM can be considered a “new” system of organisational rules allowing defensive compliance strategies.

On the other hand, RM could be embedded in managers' decision-making processes, becoming a managerial tool to:
  - favor organizational learning
  - improve PA performance
  - facilitate the achievement of organizational/strategic objectives
  - implement innovative practices and policies

- The “only” introduction of risk management (RM) systems is not sufficient (Power, 2004).
- Guidelines ask for an in depth study the hybridisation process of RM practices on forms of control and accountability in the organizations and their impact on organizational life and performance.
Toward Guidelines: Research Design

Risk management practices

Risk management shared knowledge

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Toward Guidelines: Research activities

**DEADLINE**
- Dec '14
- May '15
- Sep. '15
- Apr '16

**SAMPLE**
- 64 Countries
- 34 Countries
- 14 Countries
- 11 Countries

**STEPS**
1. LITERATURE REVIEW
2. IN DEPTH CASE STUDY ANALYSIS
3. FIRST SURVEY
4. EXTENSIVE CASE STUDY ANALYSIS
5. SECOND SURVEY
6. CRITICAL INSTANCE CASE STUDY ANALYSIS
7. GUIDE LINES (DRAFT)

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Object of analysis: practice creation in managerial systems (risk management (RM) system)

Level of analysis: organization, work practices, processes and knowledge (multi-level analysis)

Key elements of analysis (Miller and Miller, 1992; Miller et al., 2008) Arena et al., 2010):

a. Risk rationalities: the main purpose grounding the way in which RM system is framed in the organization

b. Uncertainty Experts: the actors, roles, units or structures to which the organization assign the responsibility for RM system

c. Technologies: the practices, procedures and tools adopted by organization to implement and use the RM system
Field research framework
What influences use of risk management?

Features of risk management **systems**

Context features

Features of risk management implementation **processes**

**Use of risk management**

**Impact** of use of performance information
**First survey: range of responses**

<table>
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<th>Involved Institutes and Organizations</th>
<th>64</th>
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<tr>
<td>Respondents</td>
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<tr>
<td><strong>Overall Redemption</strong></td>
<td>53,1%</td>
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<tr>
<td>Anonymous</td>
<td>5</td>
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<tr>
<td><strong>Double responses</strong></td>
<td>2</td>
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<tr>
<td><strong>Total of valid responses</strong></td>
<td>29</td>
</tr>
<tr>
<td><strong>Redemption of valid responses</strong></td>
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<tr>
<td><strong>Countries recognizable</strong></td>
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<tr>
<td><strong>Redemption of countries recognizable</strong></td>
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## Range of responses

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<th>Range of responses</th>
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<th>Sect. 2</th>
<th>Sect. 3</th>
<th>Sect. 4</th>
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<td>8,8%</td>
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<td>75% - 99,9%</td>
<td>52,9%</td>
<td>20,6%</td>
<td>2,9%</td>
<td>38,2%</td>
<td>29,4%</td>
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<tr>
<td>50% - 74,9%</td>
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<td>29,4%</td>
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<td>0,1% - 24,9%</td>
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Risk management uses

Features of risk management systems)

Feedback effect

Impact of use of performance information

Context features

Features of risk management implementation processes

Q5 Has your organization’s strategy resulted in a risk management system that is fully implemented and integrated into the current running of activities?

Answered: 25  Skipped: 9
Risk management uses

Features of risk management systems

Features of risk management implementation processes

Feedback effect

Impact of use of performance information

Q4 Is there a strategy to effectively manage uncertainties and related threats and opportunities in your organization?

Answered: 33  Skipped: 0

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Risk management uses

Features of risk management systems

Feedback effect

Impact of use of performance information

Q7 In your organization, risk management information is regularly used in the decision making process.

Answered: 24  Skipped: 10

Somewhat Agree 50.00% (12)

Somewhat Disagree 8.33% (2)

I Don't Know 4.17% (1)

Strongly Agree 37.50% (9)
Risk management systems

Feedback effect

Use of risk management

Impact of use of performance information

Features of risk management systems

Context features

Features of risk management implementation processes

Q2 Department in your organization:

Answered: 34 | Skipped: 0

- Accounting: 2
- Administrative: 4
- Finance: 2
- Human Resources: 3
- Information and...: 2
- Legal: 2
- Production (Statistics): 2
- Strategy and/or...: 12
- Staff of Government...: 6
- Other (please specify): 12

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Risk management systems

Features of risk management systems

Context features

Features of risk management implementation processes

Feedback effect

Use of risk management

Impact of use of performance information

Q8 In your organization, the risk management process is connected to:

Answered: 24  Skipped: 19

- Organization performance assessment 37.50% (9)
- Both organization and individual performance assessment
- Other 16.67% (4)

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Risk management implementation process

Feedback effect

Features of risk management systems)

Use of risk management

Impact of use of performance information

Q34 In your organization, which development phase is the risk management process currently in?

Answers: 24  Skipped: 10

<table>
<thead>
<tr>
<th>Planning phase</th>
<th>Design phase</th>
<th>Testing phase</th>
<th>Full implementation</th>
<th>I Don't Know</th>
<th>Other (please specify)</th>
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<td></td>
<td>2</td>
<td>10</td>
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</tbody>
</table>
Risk management implementation process

Features of risk management systems)

Features of risk management implementation processes

Feedback effect

Use of risk management

Impact of use of performance information

Context features

Q30 To date, risk management in your organization:
Answered: 24 Skipped: 10

Is envisaged as an activity to be planned in the near future
4.17% (1)

Exists but is not formally included in the organization structure/chart
50.00% (12)

Is formally included in the organization structure/chart
45.83% (11)

RM committee
RM involve.
RM experienced
Risk development stage
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Q42 In your organization, a specific training program on risk management issues has been envisaged and addressed to: (Select all that apply.)

- Top Management: 9
- Middle/low Management: 11
- Employees assigned to ...: 12
- All employees: 5
- A training program has ...: 6
- I Don't Know: 1
- Other (please specify): 3

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Risk management implementation process

Features of risk management systems

Context features

Use of risk management

Impact of use of performance information

Feedback effect

RM financial resources
RM human resources
RM training
RM com. investmen.
RM time constrains

Q46 In your organization, the amount of financial resources spent to run the risk management system is suitable.

Answered: 24  Skipped: 19

Strongly Agree 16.67% (4)
Somewhat Agree 20.83% (5)
Strongly Disagree 8.33% (2)
Somewhat Disagree 20.83% (5)
I Don't Know 33.33% (8)
Toward Guidelines: Research Design and consolidation

Risk management practices

Risk management shared knowledge

Consolidation

RM Guide Lines

Observation

Socialization

Formalization

Experimentation

Pilot application

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