



Creating a risk-aware culture

Highlights

- Risk is a part of daily life.
- Shaping an effective risk-aware culture at the workplace takes time and dedication.
- By instilling a culture of risk awareness, risk management ultimately becomes a natural part of how employees work.

Risk is a part of daily life. Have you ever looped around the block when leaving for work, just to verify that the garage door did, in fact, go down and stay down? In doing so, you clearly recognized the risk of leaving your garage open for the entire day, and were willing to make the commitment to decrease that risk by double checking the status of your garage door. This is just one possible risk mitigation strategy in your personal life. At home, we also attempt to minimize risk by locking our doors, installing smoke detectors, eating right, washing our hands frequently, and maintaining homeowners and automobile insurance. However, do we have the same diligence when it comes to managing risks in the workplace?

When we are risk aware at work, we all attempt to minimize risk by communicating with each other, complying with applicable policies and procedures, and making decisions that avoid negative consequences. Strong risk awareness leads employees to consistently make appropriate risk-based decisions.

Making a culture shift to risk awareness begins first with the words and actions of top management. Leaders must show a true commitment and passion for good risk management. They must both talk the talk and walk the walk. For example, if management discusses risk mitigation, but employees see bad behavior among the managers themselves, they will become cynical of the message. Also, if there is a feeling that issues cannot be openly discussed and debated, employees will stop bringing things up. Finally, managers and supervisors who tout the benefits of business process risk assessments, but do not allow staff sufficient time or resources to carry out those risk assessments ultimately derail the initiative.

The state has put into place many policies and procedures that often serve as “safe harbors” for employees. These policies and procedures, if diligently followed, mitigate many risks to the

organization as well as to the employees themselves. However, if managers act like they are somehow not subject to those same rules and policies, the policies can lose their effectiveness.

Rank and file employees are often the agency’s front-line risk takers. As a result, employees from all levels of the organization must be conscious of the day to day risks involved in running the agency.

Each day, employees make decisions that affect the risk profile of their agencies. Everything from deciding which grantee or contractor gets the award to prioritizing daily work affects the agency’s risks. For example, awarding a contract to a vendor even though the employee has suspicions about the vendor’s ability to perform could expose the agency to substantial compliance, operational, and reputational risk. Also, a busy employee who chooses not to complete an assigned reconciliation because of other duties perceived to be more urgent removes the agency’s last possible hope of catching erroneous or fraudulent transactions.

Shaping an effective risk-aware culture at the workplace takes time and dedication. By creating and instilling a culture of risk awareness, risk management ultimately becomes embedded into the behavior and activities of every employee. In other words, risk management becomes everyone’s business and, as such, an integral and natural part of how people work.

Suggested action steps: Does your agency have a risk aware culture? Is risk management a natural part of how employees work? Are managers sending appropriate messages regarding risk? If not, consider changing the message to help make risk awareness a higher priority.

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