

Measuring and developing the risk management culture

Cultivating sustainable performance



Risk culture is the foundation of any changes in risk management.

Risk culture is a key success factor for an efficient and sustainable organisation. In the 'people, process, technology' risk management trinity, the 'people' dimension is in fact the driving force that spurs on the two other dimensions.

When effective, risk culture enables employees to understand what constitutes a risk, whether or not the degree of risk is acceptable, how risk information operates in the decision-making process, and how decisions must be made based on a risk/benefit analysis.

Studies have shown that a sound risk management culture is generally correlated with lower likelihood of loss and improved performance.

Have you ever wondered?

- Can the level of risk culture in our organisation be measured?
- Is our governance or organisation appropriate in terms of risk management? How can it be improved?
- Is risk culture taken into account in employee recruitment, training, skills, knowledge and operational practices?
- How do our employees interpret and apply incentives and obligations in terms of risk management within our company?
- How do employees react when faced with ethical and compliance issues that occur in their day-to-day activities?

How can Deloitte help you?

Deloitte can support you in an effective and modular way to:

- Define the culture you want to build, based on best practices
- Assess the existing level of risk culture and define the different employee attitudes in your company when faced with risk
- Identify areas for improvement and rank them to achieve the target level and type of risk culture you want
- Carry out improvement and change actions involving all stakeholders

In addition, Deloitte can help you to raise awareness of leading practices when managing environmental and ethical risks.

The Deloitte approach

Providing a measurable and objective view of risk culture

To help enhance understanding and measurement of the company's risk culture, Deloitte has developed a model made up of 16 indicators covering 4 areas:

1. **Competence:** analysis of how risk culture is taken into account in recruitment, learning, skills, knowledge and operational practices
2. **Organisation:** study of processes, procedures and governance of risks
3. **Relationships:** study of the interactions between the different hierarchical levels within the company in areas specifically covering ethics, management and leadership behaviour and communication flows
4. **Motivation:** analysis of why people manage risks the way they do, how risk is taken into account in performance management, risk appetite, incentives and obligations

By applying this model, Deloitte thus analysed various situations such as fragmented organisations that do not learn from their mistakes, or that give in to the pressure of short-term profitability objectives and competition, sometimes with catastrophic consequences in the long-term.



Changing behaviours through games

The development of skills and good behaviour in risk management comes from practical experience.

The 'Serious Game' developed by Deloitte is a game that allows participants to test a realistic model of their company, and to react when faced with multiple scenarios.

Players go through several economic cycles, make critical decisions, are subject to interdependencies and, most of all, must face the consequences of their decisions.

Participants learn to balance social and environmental dimensions, risks and profits in a realistic economic environment.



Screenshot of our exclusive game, the Deloitte 'Serious Game'

Deloitte services

- Risk culture and sustainable performance diagnosis
- Improvement plans
- Awareness-raising, coaching and training

The Deloitte difference

By choosing Deloitte, you will benefit from:

- Support from **professionals who have in-depth experience of your industry** and can thus provide relevant indications and practical advice. The Deloitte team has highly specialised expertise in the design and improvement of risk management practices
- **Appropriate technologies and methodologies:** Deloitte's experts use the very latest methodologies and can call on exclusive tools to help you manage your organisation more efficiently

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