

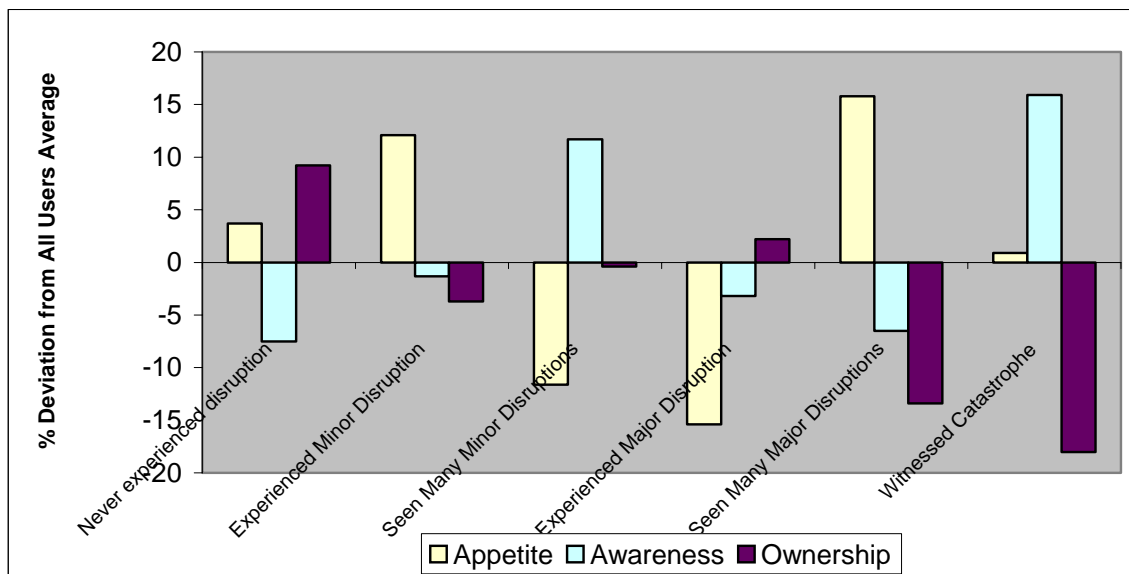
The INONI Report - Attitudes To Risk – Part Three

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In December 2003 JRCPL launched an INONI survey called 'Attitudes to Risk' in partnership with www.continuitycentral.com. The survey set out to investigate the attitudes to risk and continuity that exist within and across organisations, the so-called 'continuity culture' or 'risk culture'.

This article is the second in a series of linked sections based on the resulting INONI Report. Further sections will become available over the coming weeks. You can view other currently available sections via the links in the Introduction.

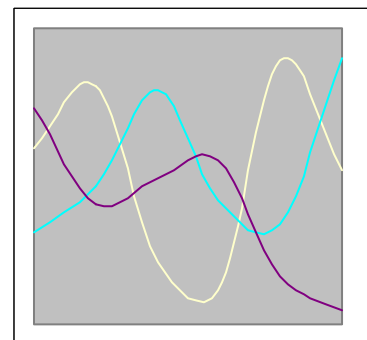
How does experience of disruption affect attitudes to risk?



The graph suggests that as disruption experience increases left to right along the x-axis, the three risk culture parameters are reflected in varying but related proportion. To help you interpret the graph, recall that the bars represent the following parameters:

- Self-appetite for general and specific operational risk-taking (Appetite)
- Appreciation of the operational risks facing the organisation (Awareness)
- Adoption and management of risks by staff in the organisation (Ownership)

It may also help to remember that the x-axis represents the All Users average score and that bar height represents a deviation from that average.



Risk appetite is above average for four of the six groups shown. For the low-experience pair of above-average results (23 participants each) this is perhaps to be expected since in their view, operational risk-taking has never been punished and they have little or no first-hand experience upon which to base caution.

For the 'many major disruptions' category (7 participants), it is possible that personal and organisational survival, despite severe accumulated experience, has led to a view that some controlled operational risks are acceptable; it may have desensitised them or created an impression of relative invulnerability.

It appears that exposure to catastrophe (particularly involving injury or loss of life) had a personal and possibly shocking effect on the 2 participants who responded, but which left them with a near-average appetite for operational risk. The lack of correlation between this result and the previous one reinforces the possibility that desensitisation is a function of familiarity, success and severity.

The two remaining mid-range low appetite groups (21 and 14 participants) have experienced some disruption and appear to have reacted against it, inoculating them and developing a healthy rejection of operational risk.

Conversely, risk awareness is below average for four of the six groups shown, lending apparent significance to the two highly aware groups. Catastrophe witnesses have an expectedly high awareness rating. The high awareness score polled by multiple minor disruption experiencers could be explained by a number of factors, including the procedural and regulatory focus now placed on operational integrity in many industry sectors. The low awareness score by experiencers of many major disruptions is possibly explained by desensitisation.

Respondents' perceptions of risk ownership appear as an inversion of reality; that is to say, those who have been exposed to the worst disasters will rarely be satisfied with the status quo, whereas those who have few day-to-day dealings with operational risk appear to regard any level of activity as significant.

Individuals who have never experienced disruption or who have experienced very minor disruption appear naturally optimistic compared with strong disruption experiencers. They have above-average risk appetites, below average awareness and rest safe in the belief that those around them are controlling risk adequately. This group and culture profile probably represents most staff in most organisations and signifies a potential risk. It also poses a dilemma, requiring disruption to take place to gain the necessary experience.

Organisations may wish to consider the following:

- 1 Ideally, within organisations, both awareness and perceived ownership of operational risk should be equal and balanced across all categories. Variations between cultures (as in this survey) are to be expected
- 2 Expose low disruption experiencers to training as well as realistic tests and exercises
- 3 Desensitisation may affect individuals who experience major disruption on a frequent basis, and whilst they may be adept at dealing with recovery, the graph suggests they have an atypical risk profile.

- 4 Use extreme positive culture traits prudently, leveraging strongly held opinions to encourage and convince other staff. Beware that holders of dominant and sometimes extreme views may be viewed as incredible and should be employed as a risk thought-leader only after careful consideration
- 5 None of the groups represented in this graph exhibits the 'ideal' profile of high awareness, low appetite and high ownership, suggesting that disaster experience may not be the best basis for selecting operational risk thought leaders but may be used to screen candidates drawn against different criteria
- 6 The 'many minor disruptions' group (21 users) appears to define a beneficial or target risk culture; it has 11% above average awareness, 11% below average appetite and is close to the average for perceived risk ownership (0.4%). It may offer a target benchmark

If you have comments, insights or questions relating to this analysis, please email to jr@jrcpl.com
Please note that all assertions in this article represent the author's views and interpretation of the available information.

You can access other sections of the report as they become available via the Introduction ([click here](#)).