Changing Workplace Culture: Cultivating Risk Awareness in a Corporate Setting

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Definition of Terms

Note: A definition of terms has been included to give the reader an understanding of the concepts that will be referenced throughout this paper.

Business Level Risk- "A level of risk, as determined by likelihood and impact, that has the potential to affect a given business area's objectives but may or may not reach Enterprise-Level Risk" (GRA Glossary, 2021).

Enterprise Risk Management (ERM) – "A structure that supports the achievement of strategic objectives by defining risk governance and accountability and promoting consistent risk management behavior and a risk-aware culture. An effective ERM Framework relies upon processes to identify, assess, respond, manage, monitor, report and escalate significant risks" (GRA Glossary, 2021).

Key Performance Indicator (KPI) – "A measurement which evaluates how a company executes its strategic vision" (Warren, 2011, p. 5).

Key Risk Indicator (KRI) – "A metric used to signal possible increased or decreased risk exposure or to trigger a risk response or report" (GRA Glossary, 2021).

Risk Aversion – "The tendency, when choosing between alternatives, to avoid options that entail a risk of loss, even if that risk is relatively small" (APA Dictionary of Psychology, 2022).

Risk Awareness – "The raising of understanding within the population of what risks exist, their potential impacts, and how they are managed" (Jen, 2012, para. 5).

Risk Management Process Cycle – "A continuous and cyclical process that involves risk identification, assessment, response, management, monitoring, and reporting and escalation" (GRA Glossary, 2021).

Risk Ownership – "Assigned accountability for the assessment, treatment, and monitoring of risk" (GRA Glossary, 2021).

Risk Taxonomy – "Spells out the key terms and definitions a firm uses to describe its risks, and creates the language used for risk identification in key end-to-end business processes" (Boultwood, 2021, para. 4).

Background Regarding Risk Management

Managing risk at the enterprise level is a concept that has gained corporate popularity in recent decades. “Enterprise risk management (ERM) is [hailed as an] idea that represent a logical, consistent, and disciplined approach to the future’s uncertainties will allow [a business to operate] more prudently and productively, while avoiding unnecessary waste of resources” (Kloman, 2009, p. 21). Managing risks in the business world is critical in today’s fast paced and ever-changing society. As consumer expectations change, so must an organization’s enthusiasm and tolerance for taking and managing risks. Risk management may provide numerous opportunities to new prospects.

Recent regulatory developments have given rise to the importance of risk management frameworks for organizations operating in the financial services industry. With the increased regulatory scrutiny of the insurance industry, impacted organizations are tasked with developing an effective risk-aware workplace culture as part of a holistic, compliant, yet robust and flexible, risk management program. In other words, not only is building and maturing an Enterprise Risk Management program a best practice, but it is also a compliance requirement in some industry sectors.

There are five main components to a risk management framework cycle. An example risk management process cycle is shown below in *Figure 1*. The five components of the process cycle are risk identification, risk assessment and analysis, risk control and response, risk monitoring and risk reporting. The first step in the process cycle is risk identification. Without proper risk identification, the steps following will be ineffective or inefficient.

Figure 1

Risk Management Process Cycle

Note. This model shows an example of the key steps within the risk management process cycle. From *ALM in the Context of Enterprise Risk Management*, by K. Timmermans and W. Douma, 2018. (ALM in the Context of Enterprise Risk Management - Risk.net)

Understanding and applying a risk management framework is critical to organizational success and decision-making at all levels of the company. The question becomes how to equip employees up with high-level risk management knowledge in an effort to create and maintain a risk-aware environment that is considerate of both the threats *and* opportunities in any competitive market.

Introduction

In most organizations, employees are seen as one of the greatest assets. As is the case with most companies, employees at CUNA Mutual Group (CMG) make decisions that impact the organization daily. However, a challenge that many moderate-to-large sized companies face is dealing with the repercussions of decisions made by employees (at any level) that prove ill-informed and/or misaligned with organizational strategic objectives. Improper decision-making is a risk that organizations can avoid with the right mindset and tools. A critical consideration focuses on how to build an effective and realistic, risk-aware culture among employees in the workplace. According to Braumann (2018), “risk awareness is a cultural component that is not documented in any regulation or policy but is embedded in the employees’ risk-thinking” (p. 242).

There are several characteristics that identify individuals that consider themselves *risk aware.* Risk-aware people proactively identify the key risks for the company, seriously think about the impact of the risk they are responsible for and share risk information that requires attention and action. Risk awareness impacts the organizational environment and influences risk management effectiveness (Braumann, 2018). Therefore, promoting a risk-aware environment in a corporate setting enables organizational success. The following are examples of how risk awareness contributes to the success of the organization: 1) achievement of strategic and business objectives, 2) reduction of financial and operational exposures and 3) aiding in ensuring risk and reward decisions are aligned with the organizational mission.

Traditionally, risk management has focused and functioned around the focal point of worst-case-scenarios and promoted procedures regarding how to mitigate, transfer or avoid identified risk liabilities. The defined mindset reflects risk-averse thinking. In a workplace where risk-averse thinking has been actively and consistently demonstrated, individuals at all levels of the organization are reluctant to take risks that could (negatively or positively) impact business operations or alter project strategy plans or progress. In this environment, “managers…routinely quash risky ideas in favor of marginal improvements, cost-cutting, and ‘safe’ investments” (Lovallo, et al., 2020, para. 2). Based upon the missed opportunities associated with risk-adverse thinking, there are several disadvantages to this type of thinking from a corporate growth perspective, most notably being the loss of opportunity. In today's market, being risk-averse is seen as a hinderance to successful competition. As companies look to become more flexible and innovative to adapt to changing consumer expectations and emerging trends, having the ability and confidence to make smart risk decisions becomes increasingly necessary.

Because the term *risk* is widely interpreted as a threatening term, risk has historically been avoided when and where possible. However, given the competitive and globalized market, where new and old entrants are constantly pushing boundaries and becoming more agile and innovative, it's important for corporations to understand not only the threats, but also the opportunities that certain risk events present. In other words, corporations should look to distance themselves from a risk-averse culture in favor of the more flexible, change-accepting risk-aware culture, wherein individuals understand not only the threats, but also the opportunities that certain risk decisions present to the company.

Of course, not all risks and risk decisions are created equal, which is why establishing appropriate training and resources for employees to make informed decisions becomes critical. Because all employees within an organization are tasked with mitigating risk to some extent, they need to be equipped with the knowledge and tools to understand the costs and benefits of their own decisions. Employees should be asking themselves questions like: Does the decision introduce new risk to the company? Does the decision prevent access to new opportunities? Who is impacted by this decision? Why types of impacts might this decision have on overall achievement of business objectives? What are the long-term implications of this decision? Through developing and promoting a framework that encourages a risk-aware culture, corporations set themselves up for long-term success with an ever-changing consumer base in an increasingly competitive landscape.

In a business environment that is risk aware, risk is inherently integrated into decision-making processes. In a perfect state, individuals at all levels within a company possess risk awareness as a key competency. Although risk awareness may come more naturally to some than others, it is a skill that needs consistent practice and fine-tuning. Risk awareness can and should be taught. In the business world, even the seemingly harmless decisions can introduce risk to a company. Companies, large and small, would greatly benefit from a cultural change that promotes a risk aware attitude as not solely an ERM program objective, but ideally as a required component of employee onboarding and ongoing training programs.

Of course, how processes should operate are often vastly different than reality. The enabling of a risk aware culture requires a mature level of communication. A company that operates within a poorly developed communication protocol will be unable to cultivate an effective risk aware environment. On the flip side, when communication strategies are robust and inclusive in nature and information is passed easily and quickly between work teams, a suitable environment for effective risk awareness is created. Making the *best* decision requires having access to all the *right* information. For risk awareness to be developed and maintained in a corporate setting, at a bare minimum, information must travel up and down reporting lines timely, with relative ease.

CUNA Mutual Group is a mid-sized insurance company headquartered in Madison, Wisconsin that employs approximately 4,000 workers nationwide. The company offers a variety of insurance products and other financial services, including brokerage services, to consumers, globally. A large subset of current customers are credit unions and credit union members located in the United States. The competitive national market has driven many companies within the finance sector to develop short-term and long-term strategy plans centered around sustainable business growth and broad consumer outreach. Not immune to this trend, CMG has sought to expand into other markets outside of the traditional credit union space. In recent years, the company has made numerous operational and strategic changes to allow growth for the company through its products and services. For instance, numerous acquisitions have been made to expand the overall product portfolio and reach new markets of potential consumers through new and innovative channels. This effort has been largely successful and, in some instances, has earned the company a name as a top competitor in the industry. Additionally, the company has increased its number of partnerships with third-party vendors to provide services. These contractual agreements with external parties are a growing trend. From suppliers to software and resourcing needs, businesses increasingly don't go it alone. There is a "rise of the extended enterprise, [where] companies rely on a network of third-party vendors to provide them with organizational value and competitive advantage" (Scott & Spitse, 2018, para. 1). For CMG, there are a notable number of these third-party vendors located overseas. Third-party relationships can introduce new and more complex risks into strategic plans and objectives. In many cases, outsourcing a product or service to a partner that specializes in such a trade has been more financially savvy than developing the capability from the ground up, in-house. As the company continues to grow into these new markets with potential new customers through new channels and new third- (and fourth) party vendors, there breeds a more urgent call for a healthy, risk-aware culture among staff.

Statement of the Problem

Through much of this change, an organization of immense complexity has emerged. As the company continues to transform, so must its culture and attitude towards risk. Although the company has adopted and matured an enterprise risk management framework that aims to drive risk knowledge and risk management skills downward, the company has struggled with cultivating a risk-aware culture that enables and empowers employees at all levels to make risk decisions that could benefit the future progress and sustainability of the business. The current risk management framework is comprised of approximately 80 enterprise-level risks that are monitored and managed by 50-60 risk owners across the company. These risk owners have been identified as having a close relationship to the risk based on their seat in the organizational structure and defined roles and responsibilities. Largely, these risk owners are at a director-level or above. In a company of thousands of employees, it has been difficult to push and pull risk information from all levels of the company in a timely manner around identified risk events. Surely, more data and knowledge extrapolated from employees at the process level would add value on decision-making and risk.

The Human Resources Department at CUNA Mutual Group conducted an all-employee "Pulse" survey in August of 2022 to capture workplace culture baselines in a number of areas. One of the statements posed to employees was "I am encouraged to take informed risks in getting my work done". Employees had to indicate whether they "strongly agreed," "agreed," remained "neutral," "disagreed," or "strongly disagreed" with this statement. While 75% of employees showed a favorable reaction to the statement, there was much variance by department and functional area. These scores, especially when broken out, indicate an opportunity for improvement in management alignment and general risk culture.

At CUNA Mutual Group, like many other older corporations with a historical footprint, departments and functions exist in silos. This is a known circumstance and steps have been taken to break down barriers that hinder communication and collaboration between groups of people. There are several departments who have adopted a more mature communication strategy compared to others. This structure does not guarantee that all work teams are on the same level in their journey toward risk awareness and change. There are numerous challenges associated with change, consequently employees understand and be prepared for the numerous adjustments aligned with their approach to risk and the organization’s operation in general.

A major component that adds to the complexity of communications is the usage of hundreds of applications and systems. The company has allowed departments and functions to identify and implement the technology tools needed to support business operations at an individual team level. This autonomy has created long list of applications leveraged by the company. In many instances, these tools have the functionality to support many other business processes, but it is simply overlooked based on the approach the company has taken towards business level autonomy.

Overall, it is apparent the current position at CMG shows a lack of capabilities at the enterprise level to promote risk awareness and establish an effective culture with a key focus on risk management.

Purpose of the Study

The purpose of this study seeks to understand the current corporate culture and attitude associated with risk and identify the changes needed to avoid maintaining a risk-averse mindset among employees. Further, this study aims to identify the best practices of cultivating and promoting a more risk-aware culture in the workplace. As consumer expectations of large and complex organizations change, the company must prioritize enabling a change in attitude towards taking risk. Adopting a risk cognizant culture will enable the company to better evaluate current threats and opportunities decisions (at all levels) which are significant influences to the health of the business. Additionally, adopting a culture of risk awareness will enable the company to further mature its risk management framework and journey to better understand implications of risk decisions in the current business environment and also in the future business environment. This type of forward-looking strategy better positions the company to maintain a relevant and flexible business model that is embracing of change.

An important objective of an effective ERM program is to embed knowledge and consideration of risk within business operations. The goal is to successfully convey the importance of risk awareness in an everyday operational setting that facilitates the achievement of business objectives throughout the company. Employees, at all levels must acknowledge and understand the significance risk awareness to the operations, and ultimate success of the organization.

There is also, of course, a financial component of risk awareness. When organizations fail to embrace and promote a risk aware culture, they put their brand and reputation at risk. In today's society, information travels more quickly than ever. Any decision made without the proper considerations can endanger the organization's image in both the public eye, and internally among its employees. Damage to brand and customer faith in the company's product offerings and services is expensive. Not only might the company lose customers from making an unthoughtful decision, but it could also face legal recourse due to the heavy compliance regulations in the financial industry. Litigation in this sector can carry on for a lengthy amount of time, sometimes decades. Legal dealings consume much time and resources, adding yet another level to the problems of ill-informed decision making.

Additionally, the use of tools and applications required licensing and product renewals. These types of expenditures can eat into a departmental budget and often go underutilized. A major benefit for adopting a risk aware culture is that it encourages communication and information sharing, which can positively impact operational and strategic costs to the company.

In summary, the purpose of the study will be to promote an understanding of the level of the large, complex company's risk awareness and determine the best path forward in implementing a conversion in risk attitude around decision-making that further enables the company to achieve its strategic objectives.

Methodology

The method of research for this paper will be open-sourced data primarily based on internet articles and other secondary existing information. The data will be used to analyze the topic of risk awareness in the workplace and investigate the variety of influences that risk management practices can have on the organization's status, the present and imminent work environment, future potential, and ultimate achievement of strategic objectives. In addition, the existing literature will provide a variety of diverse data focusing on the negative and positive pressures that risk management can have on the organization's ability to compete and progress in an ever-changing world.

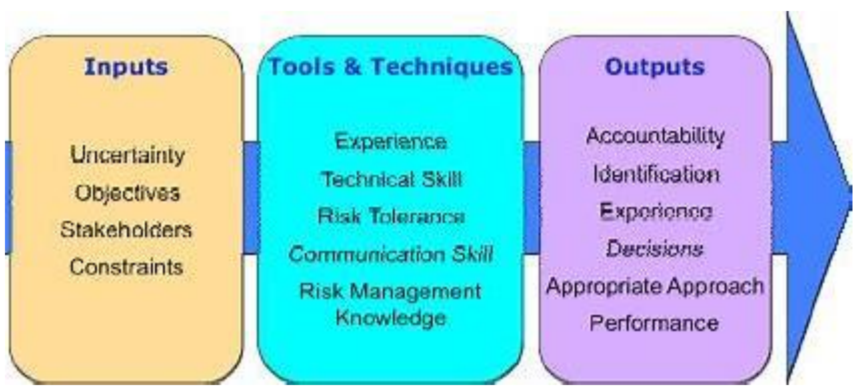
Proposed Approach to Change

As mentioned earlier, opportunities to improve risk awareness at CUNA Mutual Group exist. Based on employee feedback, there are numerous pockets of the organization that are further ahead in risk awareness efforts than others. Establishing and maintaining a unified risk-aware culture has many benefits and considerations. The benefits of empowering risk awareness in the business environment include increased accountability, heightened general risk identification capabilities, informed decision-making, and improved performance.

As with any change effort, the company will have to establish a risk awareness framework within which there are identified inputs, recommended tools and techniques and desired outputs. *Figure 2* below aims to show the potential different considerations as part of an effort to increase risk awareness in the workplace.

Figure 2

Risk Awareness Model



Note. From *How to increase risk awareness*. Paper presented at PMI® Global Congress —North America, Vancouver, British Columbia, Canada. Newtown Square, PA: Project Management Institute. By R. Jen, 2012. (How to increase risk awareness (pmi.org))

Understanding the Input Variables to Changing Risk Culture

There are several important variables that feed into any change effort. The planning ahead of the change is the most important step in the change process because it will set the change up for continued success and hopefully minimize any surprises or backtracking that could occur because of poor planning. Putting enough thought and consideration into input variables, such as change objectives, stakeholders, constraints, and uncertainty will allow change leaders to navigate the risks of the change with confidence.

Outline Objectives

Creating a risk-aware culture starts with having defined objectives. As part of a risk aware culture, what do employees need to be able to do? What are the outcomes are the Company is looking to achieve? Important questions such as these need answers in order to obtain alignment and buy-in from all levels in the organization. Defining objectives is the precursor for developing action plans. In general, the defined objectives should take on the SMART characteristics. Stated differently, objectives around risk awareness should be specific, measurable, achievable, relevant, and time bound. Defining specific objectives allows the company to finetune their action plans. An example of high-level objectives around risk awareness might be to enhance the understanding employees' have 1) about risks impacting the Company, 2) how the Company manages those risks, and 3) how their individual role fits into the risk management process.

Defining objectives in measurable way allows the company to track their progress. There are several considerations the Company must contemplate to ensure objectives are measurable. Most notably, having measurable objectives involves identifying metrics and setting thresholds or tolerances that define success (or failure) of the change effort. Part of this effort involves ensuring the Company has the appropriate tools and resources in place to track the right metrics. "To improve the accomplishment of an organization's strategy, management needs to develop effective key risk indicators" (Dornberger et al., 2014, p. 11). Understanding the change effort's key risk indicators (KRI's) and, in addition, key performance indicators (KPI's) is a critical component of setting measurable objectives and is indicative of a mature Enterprise Risk Management framework. "The first step of developing an effective set of KRIs is to identify metrics that can provide useful information about potential risks" (Dornberger et al., 2014, p. 11). Because key risk indicators are forward-looking, they can enable organizations to catch a risk event ahead of time if the defined metrics start trending unfavorably.

Achievable. Achievable objectives are imperative to any change effort. Goals that are not realistic can cause disengagement among employees and set departments, functions and individual employees up for failure (Gogoi & Baruah, 2021). The company can't expect to bat 100% on the first attempt. The company should consider setting (reasonably) aspirational goals that encourage the growth of the company and are also seen as possible by the employee base. For example, the company might decide that it wants to improve employee sentiment around access to information that enables more holistic decision-making capabilities. A regularly distributed, reoccurring employee survey would enable this measurement. The company can't expect a jump from 50% to 100% of employees sharing this sentiment, but maybe an increase from 50% to 60%.

Relevancy and Timelines. The relevancy and timeliness of objectives is another key consideration. Objectives should be directly related to the change effort at hand and should have a defined timeframe. A well-defined business objective around creating a risk-aware work culture might look something like this: Increase the percentage of surveyed employees who feel their level of access to information improves their decision-making capabilities from 50% to 60% between the second and third quarters of this year. This objective satisfies all of the considerations of specific, measurable, attainable, relevant and timebound.

Identify Stakeholders

Determining the stakeholders in this change effort is a critical first step. To put it simply, "without stakeholders, there would be no projects" (IPM, 2022, p. 31). Fostering a risk aware culture benefits and impacts both internal and external stakeholders. From an internal perspective, all employees have a vested interest in risk-awareness because this type of mentality equips staff at all levels will better decision-making ability. This type of change is a cultural one, and it requires the participation of employees at all levels. However, it's important to note that while all employees will be expected to exhibit risk-aware behavior, not all internal stakeholders will have equal levels of investment in risk-awareness, depending on organizational structure and individual job duties. Management may have extra added oversight duties to enable risk awareness, while senior leadership and the C-suite will ultimately hold the responsibility of setting the "tone" and the expectations around practicing risk awareness.

Understand Constraints

As part of any project management effort, it's important to identify the weaknesses or gaps that may exist that could impede plans towards the development of a risk-aware work culture. In the event of change at the organizational level, constraints are inevitable and it's important to identify them ahead of the change implementation. For instance, resources can be an impactful constraint. Do we have the right people overseeing the change effort? Are we adequately staffed to ensure the change is feasible and maintainable? Outside of staffing resources, financial resources are exceptionally important, as well. Has the company approved the appropriate budget to enable this change?

Another consideration is timing. The saying *timing is everything* carries a good deal of influence. The company should ensure that this cultural change is something that is pitched as a long-term effort. This kind of change does not happen overnight, over even over the span of a few months. Creating risk awareness is a change that fundamentally aims to change how employees view their role in the company and how they see the Company moving forward as we all seek to accomplish organizational objectives. The Company will also want to ensure this cultural change is a priority focus. If there are other cultural changes occurring at the same time, efficiency and success with the change will likely be more difficult to achieve because of competing priorities and potential mixed messaging coming from top leadership.

Acknowledge Uncertainty

Risk, by definition, is a game of uncertainty. From a corporate perspective, risk is the possibility that an event may occur that could impact the company. Risk can be threatening, but it can also be opportunistic. But risk management requires a great deal of comfort around uncertainty, and it's important for employees to understand the value and implications of uncertainty as part of risk awareness. Setting employees up for success by removing the threat of uncertainty.

Tools & Techniques Used to Accomplish Change

Successful and meaningful change takes time. Risk awareness as a core competency for employees requires dedication and commitment at all levels. There are tools and techniques available to enable risk awareness across the company. Most importantly, tone-at-top sets the stage for risk management expectations. Senior management should ensure alignment on Company risk tolerance. In other words, what is the expectation from employees in their practice of risk awareness. Additionally, impactful risk awareness will come with experience. It is critical that the Company provides employees with the proper training and experience in leveraging risk awareness in decision-making. This kind of training should focus on developing communication skills and technological capabilities, and fine-tuning risk management knowledge.

Getting Top-Level Buy-In

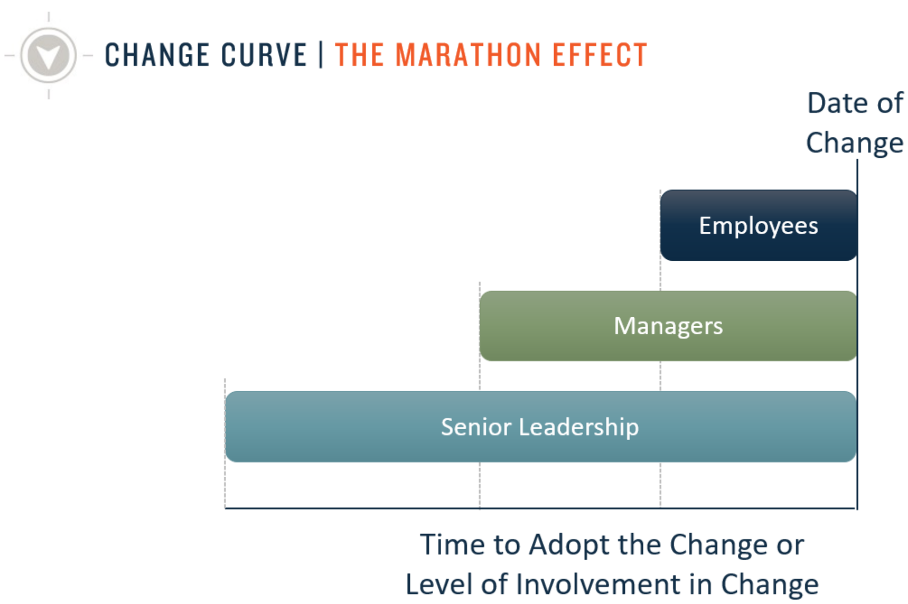
Change is a domino effect. Senior Management and the Board of Directors have an obligation to set the high-level expectations for the organization. Because risk management, as a core competency, is a complex topic, top-level buy-in comes with understanding the important role risk management plays in the overall success of the company. “Leaders need to see how a comprehensive plan will decrease costs and support the mission of the company, and they must be able to link the plan to their leadership strategies and their own health needs” (Beuermann-King, 2005, para. 16). Hearing familiar infamous names like “Enron” or “Kodak” go far in explaining how an immature and ineffective risk management program can take down a business empire in an instant.

There is also an ethical component to promoting risk awareness that individuals at the top-level of an organization need to consider. Those operating in the financial sector will often be subject to fiducial responsibilities, meaning having the accountability to act in a customer’s best interest. Having a robust risk-awareness program will further mitigate the risk of ill-informed decision that directly and negatively impacts customers.

Buy-in at the leadership level is a top priority and a necessary first step with change. The adoption of change takes the longest at the senior leader level, mostly due to the level of involvement on the part of leadership throughout an organizational change effort. "Leaders frequently underestimate the amount of work required for the change, overestimate the organization's capacity to make the change, and misjudge how the organization views their connection to the change" (Carucci, 2021, para. 2). For leaders to grasp the complexity of the change effort, the scoping resourcing and integrating of the change must be adequately articulated. *Figure 3* below demonstrates how important leadership adoption of change is to the timeline of a change effort. Although project leaders and employees throughout the organization all have a time requirement for change adoption, the tone at the top coming from leadership is highly influential, as is their perceived embracement of the change.

Figure 3

Timeline to Adopting Change

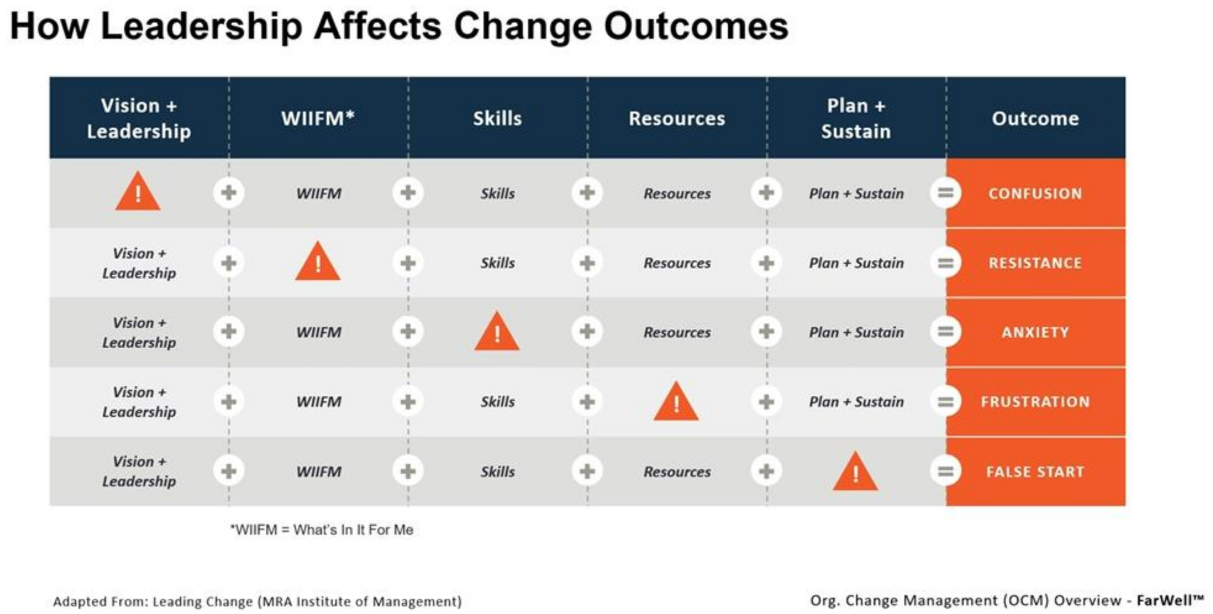


Note: This chart shows the amount of time needed by different company stakeholders to adopt change ahead of the actual planned change date. Org. Change Management (OCM) Overview. Copyright 2022 by FarWell. Reprinted with permission.

Most importantly, getting buy-in from company leaders will heavily impact the final outcomes of the change. If the company is going to succeed in their vision of fostering and promoting risk awareness among employees, leadership buy-in should include an understanding of their responsibilities as company change enablers. Leaders should be aware of how their behaviors (or lack thereof) can ignite confusion, resistance, anxiety, frustration, and an inability to sustain change. Important leadership behavioral considerations will be ensuring top level alignment with the corporate mission and vision, the ability to articulate the "what's in it for me?" to employees, willingness to generate the necessary skills required of employees, implementing the right resources for the change (which includes have an adequate resource base) and finally, not only defining, but demonstrating the plan of change sustainability. *Figure 4* below depicts how different leadership behavior variables impact change outcomes and employee sentiment.

Figure 4

How Leadership Affects Change Outcomes



Note: This chart shows the undesirable outcomes of a change effort associated with lack of specific change leadership capabilities. Org. Change Management (OCM) Overview. Copyright 2022 by FarWell. Reprinted with permission.

Working to Break Down Silos and Increase Transparency

One of the most difficult challenges that well-established companies encounter in their journey for any process improvement is the barrier of silos. Silos are established when employees in different areas in the company perpetually fail to disclose important information across functional and departmental lines. Per Klass (2019), "…Silos can evolve and take hold of your organization's culture. Silos can also cause a lack of connectivity that leads to frustration among employees and a feeling of isolation in the workplace" (para. 4). This problem undoubtedly applies through the lens of risk culture and enabling silos at work will result in an ununified attitude toward risk decisions.

There are steps companies can take towards dismantling silos in the workplace. For instance, companies should first understand what is causing the siloed behavior among employees. There could be influencers who are directing this type of attitude, or perhaps there are tight deadlines from clients that are resulting in your team wanting to work alone. "Before a company can address the problem, it is critical to get to the root cause of the silo formations" (Klass, 2019, para. 6). If the company understands the communication barriers facing employees, the corrective action will be better tailored and likely more effective.

Next, the company needs to set the standard that silos do not belong in the workplace. Tone at the top is important, as messages coming from, and behaviors demonstrated by leadership should reflect the disabling of silos and should encourage of cross-functional communication. This behavior requires not only buy-in at the leadership level, but also the ability of leadership to remain aligned and consistent in their efforts. "When individuals put their own agendas ahead of mutually agreed upon organizational goals, project outcomes can become compromised" (Klass, 2019, para. 7). Companies will need to have controls in place to monitor leadership communications and behaviors to ensure timely corrective actions.

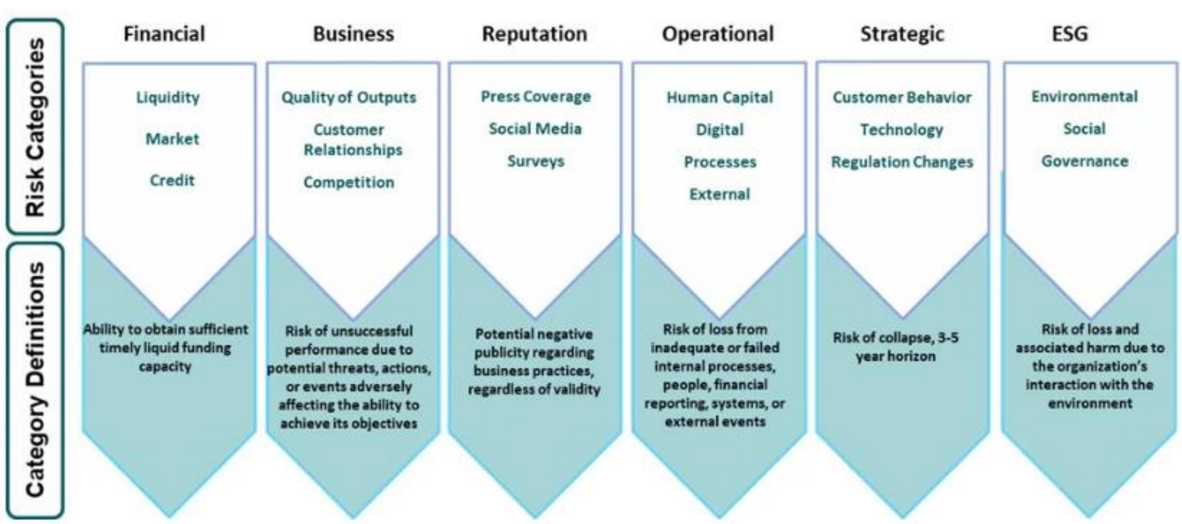
Additionally, a company can use a reward system to further imbed a culture of more open and transparent communications. If employees recognize an incentive towards behaving in a way that enables communication and input from others, this behavior will eventually become the standard. One consideration with this practice is being able to ensure it is practiced consistently. Again, this requires buy-in and unity at the leadership level. While employees will recognize rewarded behavior, they may also recognize behaviors that go unrewarded, which could unintentionally lead to resentment, confusion, and job dissatisfaction on the part of the employee. If the company decides to go down the path of incentivizing behavior through employee reward, there should be a plan in place ahead of time on how leadership will remain consistent in this approach so as not to derail efforts towards creating an anti-siloed work environment.

Creating a Common Risk Language

One of the "quickest" wins in risk management is creating alignment among employees on a risk language. For starters, Enterprise Risk Management must be held responsible for developing and maintaining the risk management framework, which is inclusive of the risk management glossary. "Every firm needs a comprehensive enterprise risk management (ERM) strategy to identify, assess and manage risks consistently across critical business processes, in all business units" (Boultwood, 2021, para. 1). Fortunately, CUNA Mutual's Enterprise Risk Management function has effectively developed a risk rating scale that can and should be applied to enterprise and business level risks. These risk rating scales take into account the different risk impact categories, or taxonomy categories, that spell out the key considerations that the company uses to describe and measure risks in business processes. An example of risk taxonomy categories and their definitions are shown in *Figure 5*.

Figure 5

Risk Taxonomy Categories

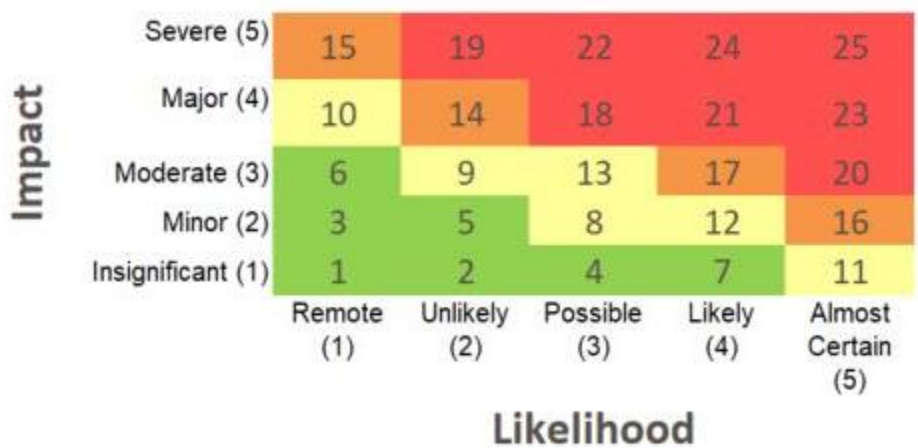


Note. This model shows examples of different risk taxonomy categories to be used by risk management stakeholders as part of a common risk language. From *How to Develop an Enterprise Taxonomy*, by B. Boultwood, 2021. (How to Develop an Enterprise Risk Taxonomy (garp.org))

Another important tool in creating a common risk language is a prioritization scale that enables employees to understand the level of concern the company should have for certain risk events. CUNA Mutual has developed separate risk heat maps to be applied to risks, depending upon level (i.e., enterprise, business, function, and process-level). *Figure 6* below is an example of a risk rating heat map.

Figure 6

Enterprise Level Risk Rating Scale



Note. This heat map shows how an organization could choose to rate enterprise-level risk by impact and likelihood. From *Enterprise Risk Assessment – Transforming Risk Information into Action* by C. Williams, 2017. (Enterprise Risk Assessment – Transforming Risk Information into Action - Carol Williams (erminsightsbycarol.com))

These heat maps are meant to be a starting point for identifying and assessing risk at all levels throughout the organization. A mature and robust risk management framework is inclusive of a developed risk taxonomy, which is a key factor in enabling a risk aware culture. Enterprise and business level risk owners, as well as the general employee base, need to be able to evaluate risks in accordance with set corporate standards and values.

One important consideration for a common risk language is stakeholder input. Boultwood (2021), stated the following:

> Portions of the risk [language] are typically authored by varied business units, which collaborate to bring deep expertise to the terms and definitions. To reflect learnings and changes in business strategy, these groups should be actively engaged in the regular updates to the [language]. (2021, para. 6)

Therefore, the effort to create and sustain a common risk language is a collaborative and ongoing effort.

Employee Training

Although developing and maintaining a strong risk management framework and risk language is critical, almost more critical is employee training. "One of the key components in driving change is employee training and development" (Sidorenko, 2017, para. 1). When and how to train employees on risk management and the practice of risk awareness will determine how effective the company will be at executing corporate strategic goals and objectives. Training should be provided to employees as a standard onboarding protocol, but also periodically offered to employees as a way to reinforce risk management knowledge and provide adequate practice of risk awareness. Training provided to employees should include various topics relating to the foundations of risk management in the business, risk management in decision-making, psychology, and risk management culture, and finally, integrating risk management into the business.

Employee training can be costly. As with any corporate investment decision, "risk management training needs to show adequate return on investment. Training costs money: the development process, hiring trainers and getting employees to dedicate time away from their workplace to participate in training" (Sidorenko, 2017, para. 7). Once cost-effective consideration for leadership might be to train employees based on individual competency by determining specific key performance indicators that could identify individual trainings needs based on the quality of risk-based decision making. For instance, employee trainings could begin and end with a test to show improvement or progress on competency in live time. Additionally, "surveys could also be conducted [for instance,] one month and six months after the training to test for knowledge retention" (Sidorenko, 2017, para. 8). Understanding an employee's or group of employee's baseline knowledge of risk management will enable to the organization to tailor training content where needed.

Another training method leadership could employ is to consider employee training based upon job responsivities. In other words, employees engaged in higher-risk activities or functions throughout the company might benefit from a more extensive risk training program. From a risk-awareness perspective, this makes sense. Risk-awareness is necessary, at all levels in an organization, however, the level of practice of risk awareness is likely more critical to some, more than others. To further solidify the importance of risk awareness in practice among those employees integrated into high-risk responsibilities, management could consider developing an official certification program aimed at developing specific, more mature risk management skills for those who are more likely to need it. Although certification programs could be developed internally or outsourced, management should ensure the training program tests for "1) understanding of legal obligations, 2) awareness of risks in the workplace, 3) ability to make quality decision under uncertainty, 4) understanding the protocol for communicating and escalating risks, and 5) evidence of moral and ethical behavior" (Sidorenko, 2017, para. 10).

These risk management training program components are core risk management capabilities that employees at all levels in the organization should understand and work to mature.

Finally, it will be important for management to ensure risk-related resources are available and accessible to all employees. This level of access includes having approved policies and procedures around risk management posted to corporate websites, intranet pages, etc. Recorded risk management trainings and courses should also be available to employees, as needed. Developing adequate employee training programs and having accessible, updated risk resources not only strengthens and promotes a risk-aware culture, but also instills confidence in external stakeholders that have a vested interest in risk management practices at the company.

Using Technology as an Advantage

Risk management frameworks have come a long way in the relatively short timeframe of the adoption of formal risk management practices. Gone are the days of the pen and paper and an endless sea of filings cabinets in a dark corner of an office building. Organizations are trading up for opportunities to leverage technology to promote risk awareness and risk management efforts. Applications in the risk management space often center around governance, risk, and control frameworks – hence dubbed “GRC” tools. The interrelatedness of these three concepts makes for an easy flow of information retention. As risk management has become more of a commonplace organizational capability, many different variations of GRC tools have become available.

CUNA Mutual leadership, particularly those in the ERM space, must evaluate current risk management policies, practices, and objectives to select the best tool to further the company’s goals in the risk awareness effort. The tool should allow for easy communication throughout all levels of the company and should enable the tracking, trending, and reporting on risk information. And although cost for such a tool is a consideration, leadership should ensure to not sacrifice quality and strength of risk management capabilities for a lesser, more basic application.

Expected Change Outputs

The results of this change will be to fundamentally shift how employees view their role within the company. This change will also provide the pillars of mature risk framework that is inclusive of a robust risk identification process, the assignment of risk responsibilities, decision accountability, and improved business performance.

Risk Identification Process

As previously mentioned, identifying risk is the first step in the risk management process cycle. Without proper risk identification, the following process cycle steps may be ineffective and/or irrelevant. Therefore, a robust and mature risk identification process should be an expected outcome of the change effort to create a risk-aware environment among employees.

Effective risk identification processes include exercises like brainstorming and active employee input and feedback. These types of practices should be evident as part of the expected outputs of the change effort. There should also be documented policies, procedures, and best practices to facilitate risk identification throughout the company.

Assignment of Risk Responsibility

In the journey of changing employee attitude towards being risk aware, assigning responsibility for managing specific risks can go a long way. This specific responsibility is sometimes to referred to as risk “ownership”. If employees can understand how risk fits into not only their job duties, but the duties of others, it will be easier to draw the lines on risk ownership. For example, risks that are impact the company at an enterprise level and are strategic in nature might be better suited to be managed by strategy management teams or shared service functions. On the other end of things, specific business-level operational risks might be best owned by individual departments or business units.

Once responsibility for owning specific risks is assigned, it important that risk owners understand the ownership responsibility. There also needs to be a role or function that is responsible for holding risk owners accountable for their risk management responsibilities. “When everyone knows who is responsible for what, there’s much less of a chance that something important will fall through the cracks because everyone thinks handling it must be someone else’s job” (Dunkin, 2020, para. 9). This role of holding accountability is typically undertaken by the Enterprise Risk Management department, as they are typically the gatekeepers of the company’s risk management framework

Decision Accountability

Another important output will be leadership’s ability for decision accountability. “What sets those top performers apart is the quality, speed, and execution of their decision making… however, there can be ambiguity over who is accountable for which decisions” (Rogers & Blenko, 2006, para. 2). Decision accountability is important because it strengthens workplace culture, establishes ownership, builds trusting relationships, sets firm expectations, assists in the achievement of common goals, contributes to defining the organizational mission and empowers the workforce. Together, these capabilities in holding decision-makers (at all levels) accountable for the knowledge and practice of risk awareness will fuel improvement in organizational performance.

Decision accountability should establish 1) the primary owner of the decisions outcomes, 2) against what metrics the change outcome will be evaluated against, 3) where, when, and how the change outcomes will be evaluated for progress, and 4) to what degree will the answers to these questions be shared openly and broadly within the organization. According to McDowell & Mallon (2020):

> The aim of strong, transparent accountability is *not* to assign blame for decisions gone wrong. Rather, transparent, and clear accountability, complete with agreed-upon outcomes and metrics, makes it easier for an organization to review and reflect on past decisions and the process by which they were made, enabling the organization to better learn from both failures and successes. (2020, p. 6)

It's also important to note that decision accountability not only supports a risk aware employee base, but also empowers a more mature and transparent workplace culture.

Improved Performance

Improvement in performance is the driving objective in the change effort of creating and promoting a risk aware culture in the workplace. Understanding how to measure performance improvement will be a critical factor for this main goal. Again, setting key performance indicators will aid the organization in understanding necessary data needs to evidence change success (or failure). "A KPI is a measurement which evaluates how a company executes its strategic vision. KPI's form a type of language which can be used…to measure the effectiveness [of projects]" (Warren, 2011, p. 5). Good KPIs are invaluable to leadership because they objectively provide evidence of progress, measure what's intended to be measured, offers comparison of change over time, and track efficiency, effectiveness, quality, timeliness, governance, compliance, behaviors, economics, project performance, personnel performance, and resource utilization (Harlow, 2022, para. 1). KPI's can provide a snapshot of performance, which in turn, enable leadership to make timely decisions.

KPI's specific to the change of creating a risk aware culture might include measuring a baseline of risk management knowledge and capabilities across the organization. There might be pockets of the company deemed more "risk aware" than others, and this should be documented. Outside of general risk management capabilities, the change effort should also track more detailed metrics, such as sources for risk identification, defined risk ownership, risk response, risk communications and risk escalations. Risk scorecards, for example, can show how each business unit, department, or location is performing against key risk goals. "Leaders can then use [these scorecards] to review progress and suggest follow-up actions to improve performance" (Dunkin, 2020, p. 2). Additionally, making these tracked metrics organizationally available throughout the change effort will increase "transparency and elevate the visibility of risk, which [will continue to] promote a risk-aware culture across the organization" (Dunkin, 2020, p. 2). Transparency and communication will be the building blocks upon which a risk-aware culture is constructed.

Summary and Conclusions

In summary, creating a cultural change of any magnitude requires a patient mindset. This type of organizational change cannot happen overnight. It's important to have a plan of action. There are several key requirements as an input to workplace cultural change. Defining specific and measurable objectives to the change, identifying impacted stakeholders, understanding internal and external constraints (including budgetary requirements versus feasibility), and endeavoring into the change effort with a flexible and adaptable mindset in the face of uncertainty will provide a robust roadmap to successful and maintainable change. Tactical decisions like employee training, mentorship, and coaching, leveraging tools and technology and creating a common risk language are all different techniques management can utilize to ensure employees keep on track to gaining and maintaining the skills needed to become risk aware.

Change in culture and attitude around risk will be measured incrementally over time. Risk ownership will be established, and decision-makers will be held accountable for timely execution and results. All in all, cultivating risk awareness in the workplace results from strong leadership planning and support, appropriately provisioned resources, and transparent, continuous communication. As with all meaningful and impactful change, there are hurdles to overcome and meaningful decisions to make along the way, but the results will lead to two very important topics: Progress and Future Success!

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