Every day, organizations face risk. Effective organizations need systems in place to deal with these risks. In today’s work environment, risks are varied: heightened regulatory requirements, investor pressure to grow and reach new levels of profitability, and rapidly emerging technology – not to mention ever-changing international trade markets. These factors underscore the need for a systematic approach to risk management. But how effective are systems without people to carry them out?

Ultimately, the culture of the organization will enable or prevent risk management systems to succeed.

The Denison Risk Management Module measures the effectiveness of risk management practices in an organization. It is designed to complement the Denison Organizational Culture Survey (DOCS) by specifically capturing employee perceptions of various aspects of risk management.

### Defining Risk Management

At its core, risk management considers how organizations detect and respond to risks. We view risk as forces or conditions that threaten to damage the well-being of an organization. Effective risk management requires several core capabilities and a specific mindset.

Organizations with effective risk management practices are vigilant – they continuously look out for and monitor risks. In these conditions, employees speak up about risks. In turn, leaders listen to concerns and encourage honest discussions about them. Employees are also clear about the appropriate level of risk to take and how to handle risks when they arise.
A preliminary analysis of our risk management data reveals that risk management is most related to the Denison Culture Model’s indexes of Empowerment, Agreement, Coordination & Integration, and Core Values.

Specifically, to achieve effective risk management, it is important to establish a consistent and predictable approach to business that is widely agreed upon across different levels and areas of the organization. Decision-making must be delegated to the level where the best information is available, and that information must be widely shared. Finally, there must be a clear set of values that are understood and agreed upon across the organization.

Denison’s Risk Management Module is a brief (12-item) survey measuring the effectiveness of risk management practices in an organization.

The results are benchmarked and reported in percentile scores. Research with over 30 organizations and 58,000 survey respondents demonstrates that the module is statistically reliable.

Possible Open-Ended Questions

1. What do you believe is the single biggest risk facing your organization today?
2. What could the organization do better to more effectively manage this risk?