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RISK CULTURE DEVELOPMENT: WHY AND HOW

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THE SPEAKER



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THE SUCCESS FACTORS OF RM IMPLEMENTATION



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- Ranong dan Phuenngam, 2009: Thailand
- Zhao *et al.*, 2009: China
- Gottwald & Mensah, 2015: USA
- Kikwasi, 2018: Tanzania
- Priyarsono & Munawar, 2020: Indonesia



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- Ranong dan Phuenngam (2009)
 - Financial institutions
 - Indepth interviews with 34 prominent executives
- The critical success factors:
 - ***Commitment and support from top management***
 - Communication
 - ***Culture***
 - Information technology (IT)
 - Organization structure
 - ***Training***
 - Trust



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THE SUCCESS FACTORS OF RM IMPLEMENTATION



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- Zhao *et al* (2014):
 - Construction companies
 - Survey, 89 respondents
- The critical success factors:
 - ***Commitment of the board and senior management***
 - Risk identification, analysis and response
 - Objective setting



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THE SUCCESS FACTORS OF RM IMPLEMENTATION



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- Gottwald & Mensah (2015):
 - International *e-Survey*
 - 134 respondents
- Findings:
 - Significant relationship between the role of a **Chief Risk Officer**, the presence of an **Audit Committee**, and the support of **Top Management** and the level of **Enterprise Risk Management deployment**



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THE SUCCESS FACTORS OF RM IMPLEMENTATION



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- Kikwasi (2018):
 - Tanzania. Construction industry. Case study.
- Critical success factors:
 - management approach;
 - goals and objectives of the organization;
 - **risk management policy and experts;**
 - information technology and **culture;**
 - environment and usage of tools;
 - teamwork and **commitment of the top management;**
 - communication and **training;**
 - awareness of risk management process and legal requirements;
 - and risk monitoring and review.



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THE SUCCESS FACTORS OF RM IMPLEMENTATION



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- Priyarsono & Munawar (2020):
 - Several industries (more than 8 industries, primary-secondary-tertiary sectors)
 - Survey, 309 respondents
- Findings:
 - RM implementation improves economic competitiveness of the implementing firms and their personnel
 - RM **human resource development** positively effects the RM quality implementation
 - Training and certification of competence improve the quality of RM **human resource development**



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CONCLUSION 1: WHY



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- In the findings of the five studies discussed above, the following factors are dominant
 - ***Commitment of the top management***
 - ***HRD related issues, e.g.***
 - ***Training***
 - ***Communication***
 - ***Culture***
- Recommendation:
 - **Put higher priority to HRD for RM implementation within the framework of risk culture development**



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CONCLUSION 2: HOW



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- **Based on interviews with more than 200 risk professionals, it can be concluded that the following factors should be considered in developing risk culture:**
 - Size of organization, formality level, RM maturity level
- **How?**
 - Learning environment
 - Coaching
 - Training
 - Competence certification
 - Incentive scheme
 - Risk based key performance indicator (KPI)