# Foreword – Managing Group Risk Attitude

The disciplines of risk management and stakeholder management are converging! The work of Ruth Murray-Webster and David Hillson has moved risk management away from an actuarial view towards the recognition that people's attitudes and emotions play a significant but manageable  role in distinguishing between 'acceptable risks' and 'unacceptable risks'.

The synergy between the management of risk and the need to manage the relationships between organisations and their stakeholders is becoming increasingly evident in the work I do around the globe. The connections are threefold: firstly, most organisational risk is about people not cooperating, not delivering or not supporting the work being planned or undertaken. Secondly,  it is people who make decisions about whether a risk is acceptable, how it should be managed or exploited, and who should manage it; these people are all subject to individual pressures and biases in making 'good' decisions and driving beneficial outcomes for their organisation. Thirdly, the way an organisation perceives risk, and the extent to which it is managed or ignored, is shaped and supported by the individuals and groups within the organisation.

Historically, risk management has been seen as a rational, logical process and the application of risk management practices thought of as formulaic and procedural: only recently has the human element of risk started to receive proper recognition within many organisations. However, it is people who work the risk management process, it is people who are most often the source of risk, and it is people who decide what level of risk is 'acceptable'. Even the best way to manage risk is uncertain – it depends on how each risk is perceived, both by the people administering the risk management practices and by those who run the organisation. The human element is central to the problem, and it is also central to the solution.

Thanks to the work of Murray-Webster and Hillson in this book and its predecessor *Understanding and Managing Risk Attitude,* the important connection between managing stakeholder relationships (people) and managing risk has been defined and clarified. Their first book analysed the risk attitudes of individuals and groups; this book takes the next step by identifying the essential factors needed to make 'good decisions' in situations which are perceived as risky and important. Their research has identified three key elements of 'good' decision-making in groups, the first being the risk attitude of individuals, particularly those stakeholders who are powerful and who are close to the impact of the decision. The second key element includes the contextual and organisational norms that may bias the decision-making group, either consciously or unconsciously, while the third element describes group dynamics and shows how they may help or hinder an effective decision-making process.

An important factor in successfully managing group risk attitude is appreciating the impact of perception. Perception has long been understood as comprising a complex mix of the rational or 'conscious factors', 'subconscious factors' such as stereotyping and group-think, and 'affective factors' such as emotions or feelings. Here, the authors have developed an elegant representation of this complexity in the form of a *triple strand of influence*. Each of the three sets of influences, which together form the triple strand, is important in the context of decision-making; but they do not exist or operate in isolation. The strands interweave and combine to influence perception; and perception drives risk attitude, which in turn affects the quality of decisions made under conditions of uncertainty.

Appreciating 'perception' is only part of the journey. Murray-Webster and Hillson's new practitioner-based research also provides insights into how groups do, can and should manage risk. The authors had previously described 'the Four A's' of emotional literacy - a framework of Awareness, Appreciation, Assessment and Assertion. In this book another two 'A's' are

added - Action and Acceptance, to create their new 'Six As' model.  This enhanced model is accompanied by practical guidance on how organisations can actively manage risk attitudes in uncertain group decision-making situations. The guidance parallels the core steps of standard risk processes, allowing these new insights to be easily absorbed into existing risk management practice.

The adaptation of approaches used in stakeholder analysis to group decision-making is another important contribution from the authors. Measuring the perceived levels of power or influence of individuals within the group, and assessing the degree of personal propinquity perceived by each individual (or 'how much it matters to them personally'), offers a model for understanding which individuals might exert the most influence on group risk attitude. These measures are an essential addition to other factors including: group dynamics; organisational culture; national culture; and societal norms that influence group behaviour and therefore shape the group's risk attitude.

A number of the key features of this book will enhance my own work in stakeholder relationship management, and contribute to my thinking about organisations, risk and stakeholders. These include the elegant 'triple strand' of influences, the 'Six As' framework of emotional literacy, and the adaptation of stakeholder analysis measures to understanding groups and how individuals operate in the group decision-making context. These ideas have already enriched my thinking, and I expect they will help other readers to appreciate the multi-faceted nature of risk and the importance of people in delivering successful outcomes.

The authors' practitioner-based research has led to the creation of practical guidelines for those seeking to improve risk management and group decision-making in their organisation. There are many practical ideas to support the move away from a reactive approach to risk, towards one that acknowledges that there are many approaches to risk management and that the human element must be factored into every risk management decision. Anyone seeking information on how to make their risk management practices more effective, or how to encourage 'good' decision-making within groups, will find this book a goldmine.


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