RISK MANAGEMENT



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Tales of Risk and Heroism

Risk management practices cannot be fully effective when they are solely preoccupied with procedures, while ignoring the risk taking nature of the individuals involved.

Aurora (alias 'Sleeping Beauty'), was cursed by Maleficent. On her 16th birthday, Aurora would die after pricking her finger on a spinning wheel spindle, what should they do? Clearly the ideal solution might have been to deal with Maleficent and her like and put an end to cursing all together. However, since Maleficent had the powers of a wicked witch, we have to excuse Stefan for opting for the regulatory route and for dealing with the threatening object rather than with the complexities and uncertainties of the individual. All spinning wheels in the kingdom were duly burned!

In the real world we face risks of all kinds that we would like to mitigate, but here is the dilemma; like the fabled spinning wheel, every day objects like iron frying pans, pointy sticks and even a frozen legs of lamb (according to Roald Dahl) are all potentially dangerous or even deadly weapons. Whether or not there is actually any risk involved depends entirely on whose hands these potential weapons are in. it?' 'What human chemistry was responsible for such delusions of indestructibility?' 'How did the once staid and sober bankers turn into greed driven Geckos of Wall Street?'

And what is going on in the emergency services?

Angry headlines following the 2005 London bombings highlighted the delay in firefighters reaching the trapped and dying victims deep underground, leaving shocked and wounded passengers to help each other. In 2007, an inquest heard how police community support officers stood by while a ten-year-old boy drowned in a pond in Wigan in the UK. Senior officers with the Greater Manchester force, which employed them, said they acted "correctly", citing health and safety restrictions by way of explanation.

In another incident a volunteer coast guard saved the life of a 13 year old who had fallen onto a cliff ledge in gale force winds. In spite of his courage and initiative he was criticised for breeching Health and Safety regulations and 'under immense pressure' resigned his post. And,

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The trends and outcomes in modern risk management appear surprisingly similar to those in Sleeping Beauty. In attempting to eliminate risk, the human factor is left languishing in the 'too difficult basket', becoming marginalised by a preference for procedural solutions; rulebooks, checklists, regulation of all kinds and a labyrinth of legislation. This is not of course because human factors are daunting in the Maleficent sense, but they are daunting in their complexity and their obscurity. We have been at a loss to know how to get to grips with the human risk factors, but recent research into personality and Risk Type is making an important contribution.

Financial events provide their own modern morality tale as the total failure of all safeguards against excessive risk lead to the near disintegration of the world economy. Terms like 'toxic debt', 'rogue banker' and 'Frankenstein bonds' have made it from the financial and business pages into the tabloids and into our daily lives. Risk taking is, of course, at the very core of the problem. However, even though the perpetrators of financial chaos are easily identifiable, we don't tend to ask 'what is it about these people that allowed them to do more recently, a 51-year-old village post woman of 21 years service was suspended from duty after clinging to the bonnet of her van in a 'courageous' bid to stop a thief driving off with the mail. She has been threatened with the sack.

Meanwhile, the UK public has been as prominent as ever on the front line. One headline reads, "Hero students leap into river to save drowning woman as police officers refuse to help". Check out too the extraordinary and unforgettable YouTube video clip of pensioner Ann Timson (dubbed Supernan) tackling six armed raiders with her swinging handbag and driving them off empty handed.

Of course, these accounts of over cautious emergency services, of heroes facing dismissal and of the general public taking on the criminals all have the same underlying theme; the spontaneous impulse of people to come to the assistance of others in peril with absolute conviction and without concern for their own safety. Many others, of course, would have cowered or run for it – but that is the simple reality about the diversity of responses to risk across the spectrum of human nature.



The contrast between have-a-go members of the public and the procedural approach of emergency services looks like a fundamental disconnect in the fabric of modern life. Both heroism and Health and Safety are concerned with the protection or rescue of those under threat or in distress. The question raised by the above examples is whether, in our management of health and safety, we may increasingly be trying to pursue opposing and incompatible objectives within the emergency services and in relation to public expectations? In short, is the Health and Safety approach being taken to counterproductive extremes? Some clearly believe it is.

In the children's story 'Wendle's Workshop', an ingenious mouse invents robots and much else. The Wendlebot was designed to tidy the workshop, which it does very effectively, but then it cannot be stopped. By the time it is finally destroyed it has reduced everything in sight to tidy piles of powder or useless fragments. It then sets out to tidy the world. Maybe Health and Safety has become a Wendlebot? Having carried out its initial task very well, but now out of control, it persists to create a topsy-turvy world, preoccupied with form filling, box ticking and paralysing risk analysis? Apparently, the present UK government is concerned. Lord North has been overseeing a review of Health and Safety regulations and the UK Prime Minister recently pledged to free emergency services from senseless heath and safety rules.

King Stefan and Queen Leah failed to stop the witch, the emergency services procedures do not stop people being heroic (just parts of the emergency services) and the FSA regulation of the finance sector did not prevent the excesses of the financial meltdown. Human factor risk is a challenge and is hard to get to grips with, but total reliance on procedures and regulations simply doesn't cut it. Heroes will be heroes, chancers will be chancers and the anxious will be fearful. Managers have to manage and leaders have to lead and that means making judgements and decisions and not abdicating that responsibility or hiding behind a fog of spuriously systematic or numeric procedures. Solutions have to work from honourable principles and personal responsibilities. Managers need to know their people, their strengths and their limitations and to train, support and deploy them appropriately.

If this all this sounds rather one sided, there clearly is an important place for the regulatory approach. If there is a problem with current practices, it is that regulation has become too influential and an easy way of avoiding real issues about individual differences. The truth about risk is that individuals really are fundamentally different in their propensity for risk. They differ in their Risk Type, in their risk attitudes in their risk tolerance and in the degree to which they expose others to risk. These differences are the problem, in so far as the impulsive, the carefree, the adventurous all push the limits in terms of the risks they are inclined to take and the risks they expose others too, but they are also part of the solution. Any enterprise needs risk takers. They drive business and they drive the economy as well as pushing the frontiers in the arts, sciences and technology. Creativity, entrepreneurism and heroism, all involve taking risks – indeed any investment of time, effort or money involves risk. Risk is as ubiquitous as the air we breathe.

The challenge for managers must be to deploy risk types appropriately, to achieve the appropriate balance of risk types within any group, at the level of the team, the department or the organisation. This has been difficult to achieve because the human risk landscape has been virtually invisible. Look across the room, or out of the window, or across the crowded rush hour train carriage; there is a lot to take in terms of individual differences,

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but zero information about their disposition towards risk. Some will undoubtedly be crazy hot-heads; up for any kind of wacky adventure, others will be so risk averse that they are permanently anxious and fearful and will worry and fret themselves through their working day. These fundamental differences in temperament need to be recognised and harnessed.

Personality research reveals eight Risk Types; types whose underlying temperament establishes a persistent bias towards very different perceptions, expectations and behavioural responses. This kind of analysis has the potential to make the human risk landscape visible; to provide a vocabulary that facilitates planning, research and discussion about human factor risk. These are important steps in getting to grips with human factor risk and towards redressing the balance with the regulatory approach.

In the Sleeping Beauty story, the regulatory strategy; the banning of all spinning wheels, fails to save the heroine but the effects of the curse are moderated by Merryweather, the good fairy, who anxious that however well something worked for others, in their case it will go wrong.

Prudent

Very self-controlled and detailed in their planning, the Prudent Type is organised, systematic, conservative and conforming. Conventional in their approach, they prefer continuity to variety and are most comfortable sticking to what they know.

Deliberate

Self-confident, systematic and compliant, the Deliberate Type tends to be unusually calm and optimistic. They experience little anxiety and tackle risk and uncertainty in a business-like and unemotional way. They never walk into anything unprepared.

Composed

The Composed Type is cool headed, calm and optimistic, but at the extreme may seem almost oblivious to risk and unaware of its effect on others. They take everything confidently in their stride, seem quite imperturbable and manage stress well.

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was able to influence the impact of the wicked witch Maleficent, for our purposes, the personification of human factor risk. Recent and current world events dramatically highlight the potency and potential destructiveness of risk mismanagement. To achieve a Merryweatherian moderating effect, we need to understand and address the human risk factor. A greater understanding of the roots of risk-taking in the temperament of the individual must be of central importance. To succeed we need the capability of making more strategic management decisions about who we rely on for what, which combinations of risk types is optimal for any circumstance and where throughout the organisation the various risk types are currently positioned.

Type Definitions

Spontaneous

Uninhibited and excitable, this Risk Type enjoys the spontaneity of unplanned decisions. They are attracted to risk like moths to a flame, but are distraught when things go wrong. Their passion and imprudence make them exciting but unpredictable.

Intense

The Intense Type tends to be highly strung, pessimistic and nervous about any threat to their equilibrium. In extreme examples, personal relationships and decision-making can become an emotional minefield. Passionate and self-critical by nature, they react strongly to disappointment, taking it personally when things don't work out.

Wary

Self-disciplined and cautious of risk, the Wary Type is organised but unadventurous and puts security at the top of the agenda. They will be drawn to the idea of securing their future but

• Adventurous

The Adventurous Type is both impulsive and fearless. At the extreme, they combine a deeply constitutional calmness with high impulsivity and a willingness to challenge tradition and convention. Intrepid and never discouraged, they quickly rebound from any setback.

Carefree

Spontaneous and unconventional, the Carefree Type is daring, excitement seeking and sometimes reckless. Not good at detail or careful preparation, they often seem unclear about their objectives. Their impatience and imprudence can lead to hasty and unwise decisions.

Typical

Individuals who show none of the extremes that characterise other Risk Types are classified as 'Typical'. Because they score close to the centre they will not naturally be exceptionally prudent or unusually reckless, neither will they be particularly emotional or extremely calm. Any pronounced risk-taking behaviours will likely be due to attitudes developed from specific experiences.

Take the Survey – Discover Your Own Risk Type

Asia Pacific Fire would like to invite you to find out about your personal attitude to risk.

How to take part:

- 1 Go to http://www.psy-key.com
- 2 Choose 'Online Assessments'
- **3** Enter access code: "firefighter"
- 4 Follow the on-screen instructions

You will receive a detailed report about your risk type, your risk attitude and your risk tolerance.

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For further information, go to www.psychologicalconsultancy.com