

INCLUSION OF RISK IN DECISION-MAKING BY EXECUTIVE MANAGERS IN A PUBLIC COMPANY

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ABSTRACT:

The inclusion of risk in the decision-making of a specific group represents the value given to that group's management of risk. Although organisational risk management processes define formal guidelines for implementing risk-based decision-making, the relevant documents for the public company studied were unclear about how risk had to be included when executive managers made decisions. This interview-based exploratory qualitative study aimed to understand the cultural influences on accountable inclusion of risk in decision-making by the executives of the organisation. Participating executives were asked about ways in which they included and accounted for risk when making decisions. The thematic content analysis applied to the data used the risk-informed decision culture (RiDC) model to identify codes and subcodes. The findings indicated that the indicators *risk management framework*, *risk leadership: tone*, *risk communication*, and *risk accountability* did not feature strongly among the executives' risk cultural practices. However, they clearly understood their risk management roles and shared understanding of how and when to include risks in decision-making. They gathered information that enabled them to identify and deal with areas of concern during decision-making and interacted with internal role players during decision-making, all of which featured strongly among their cultural practices. Additionally, the findings highlighted the inclusion of risk sense-making in decision-making, which accentuated an additional risk role practice not previously incorporated into the RiDC model. The study approach offered opportunities for assessing specific aspects of risk inclusion in executives' decision-making and designing targeted interventions for improvement, where necessary. The study-specific codebook and the RiDC model offer a potential basis for future research to explore the extent to which inclusion of risk is part of the culture of public companies.

KEYWORDS:

Risk culture, decision-making, executive managers, public company