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Project Risk Management Culture
Practical Project Risk Management
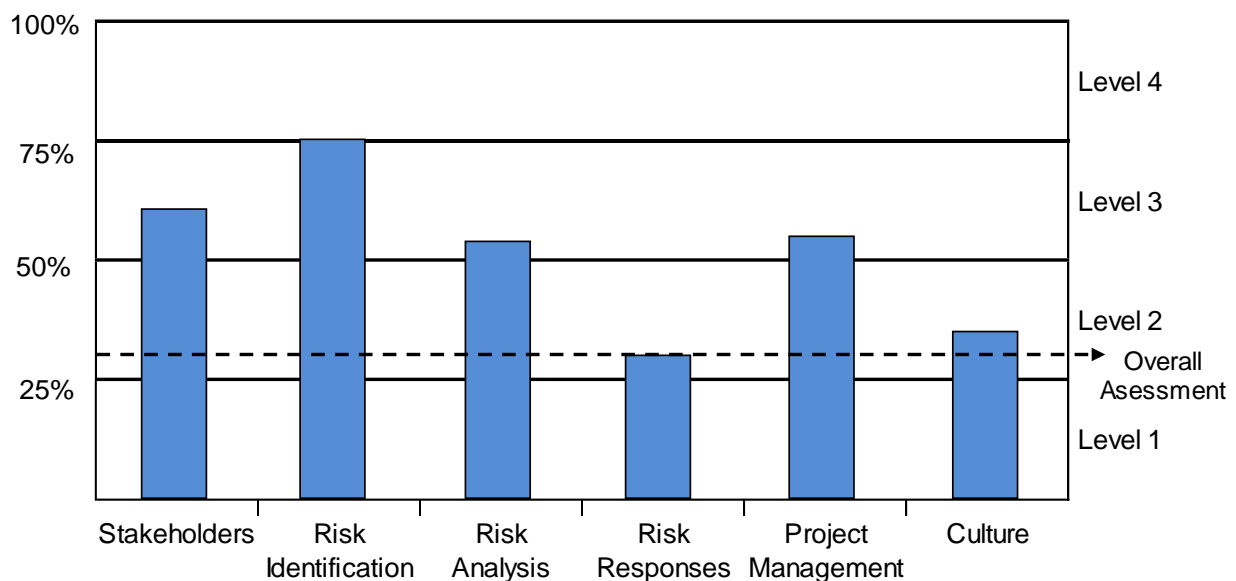by Martin Hopkinson

Practical Project Risk Management[1]

Project Risk Management Culture: A brief guide [2]

Purpose

Any project risk management process is designed, implemented and exploited by people. The word culture can refer to the behavioural characteristics of a group of people e.g. project team. As used to describe individuals, the word culture may also refer to their level of education and sophistication. Both senses of the word are relevant to project risk management culture. The risk management process is critically dependent upon constructive behaviours between people and their ability to develop and exploit information that may be complex and contentious. The purpose of this guidance sheet is to identify factors that influence risk management culture.

The above figure is taken from the *Assessing Risk Management Capability* guidance sheet (Feb 2024). It shows how the Project Risk Management Maturity Model (RMM) can be used to assess

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[1] This series of articles is by Martin Hopkinson, author of the books "*The Project Risk Maturity Model"* and *"Net Present Value and Risk Modelling for Projects"* and contributing author for Association for Project Management (APM) guides such as *Directing Change* and *Sponsoring Change*. These articles are based on a set of short risk management guides previously available on his company website, now retired. See Martin's author profile at the end of this article.

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risk management culture in the context of the overall risk management process. The Project Risk RMM questions that contribute to this measurement are as follows.

Project Risk Maturity Model questions related to the culture perspective

Questions related directly to the Culture perspective:

1. Is risk management fostered by a good climate of trust within the project team?
2. Is risk management fostered by a good climate of trust between stakeholders?
3. What is the project's approach to individuals responsible for the management of risk? (Is good risk management practice recognised and supported?).
4. How consistently does the project implement timely responses to risk?
5. Do people involved with the project understand and use their scope of freedom to act?
6. Is there an appropriate risk management plan that is used in practice?
7. From what point did the project risk management process commence?
8. What is the project's record in respect of risk acceptance? (Does it avoid a defensive ethos and exploit opportunities whilst also avoiding the acceptance of excessive risk?).

Questions related to other perspectives e.g. Project Stakeholders or Risk Responses:

1. Does the project implement risk responses as intended?
2. How effective are risk reports produced by the project?
3. What is the nature of the senior management's involvement in risk management?
4. How effective and efficient is the internal disclosure and reporting of risk information?
5. What is the risk reporting relationship with the project's external customer?
6. In what ways have risk identification processes been driven from the top down?
7. How promptly are new risks identified?
8. What is the range of the organisation's personnel who consider project risk identification to the part of their responsibility?
9. How good are estimates of risk likely to be? (e.g. are they free from management bias?)

Risk management culture has both soft and hard influences

Hard influences of risk management culture tend to be the easier point from which to implement actions for improvement. For example, minimising bureaucratic load, designing reports to be acted upon and ensuring that actions are followed through will all help the process's users to perceive it to be useful and be thus more inclined to make use of it.

Common Mistakes

1. Failure to engage with senior managers and/or lack of their support for the process.

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2. Setting unrealistic project objectives, leading to the suppression of realistic risk estimates.

3. Failure of risk reviews to ensure that risk responses are implemented as planned.

About the Author

Martin Hopkinson

United Kingdom

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Martin Hopkinson, recently retired as the Director of Risk Management Capability Limited in the UK, and has 30 years' experience as a project manager and project risk management consultant. His experience has been gained across a wide variety of industries and engineering disciplines and includes multibillion-pound projects and programmes. He was the lead author on Tools and Techniques for the Association for Project Management's (APM) guide to risk management (*The PRAM Guide*) and led the group that produced the APM guide *Prioritising Project Risks.*

Martin's first book, *The Project Risk Maturity Model*, concerns the risk management process. His contributions to Association for Project Management (APM) guides such as *Directing Change* and *Sponsoring Change* reflect his belief in the importance of project governance and business case development.

In his second book *Net Present Value and Risk Modelling for Projects* he brought these subjects together by showing how NPV and risk modelling techniques can be used to optimise projects and support project approval decisions. (To learn more about the book, click here.)