Towards the agility of risk management in official statistics through the implementation of adaptive measuring system

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Goal of the presentation

Raising a discussion on the adaptive measuring system in the risk management framework which has been or will be introduced in official statistical units

Agenda

1. Current knowledge of risk management
2. Risk management in the official statistics
3. Agility in risk management
4. Assumption of adaptive measuring system
5. Recommendation for training program in official statistics

1. Current knowledge of risk management

Location of risk management theory

- Risk management can be located in strategic management science
- It strongly coexists with the governance theory
- One of its output is a family of standards called ISO31000 – Risk management

The Structure of ISO 31000

- ISO 31000 – Risk management consists of:
  - Principles
  - Framework
  - Process
- Additional standards (ISO 3010, ISO Guide 73) introduce terminology and guidelines

Principles

- ISO 31000 Standard introduces eleven principles constituting risk management models
- They can fall into three groups of risk management:
  - Objectives, e.g.
    - „(a) creates value"
    - „(d) explicitly addresses uncertainty"
  - Implementation recommendation, e.g.
    - „(b) [is] integral part of all organizational processes"
    - „(c) [is] part of decision making"
  - Continual development
    - „(j) [is] dynamic, iterative and responsive to change"
    - „(k) facilitates continual improvement and enhancement of the organization"

Framework

- Includes components of the risk management system and the relationship among them
- This concept is similar in its structure to other normative systems such as quality management, i.e. Deming cycle Plan-Do-Check-Act
- Framework consists of:
  - Mandate and Commitment
  - Designing
  - Implementing
  - Monitoring
  - Continual improvement

Process

- Structures groups of activities integrated into the implementation part of the framework
- Process consists of:
  - Basic activities, i.e.
    - Establishing context
    - Risk assessment
    - Risk treatment
  - Supportive activities, i.e.
    - Monitoring and review
    - Communication and consultation

Benefits of implementing ISO 31000 standard

Benefits are, inter alia, as follows:

- Unified terminology and methodology in organisation from different sectors
- Control possibilities through specialized external auditors
- Fostering exchange of good practices

2. Risk management in official statistics

Overview

- Official statistics as one of ISO 31000 implementation fields

- The reference for the implementation is a document *Guidelines on Risk Management practices in Statistical Organizations* prepared by RM task team

- There is a strong need to initiate academic debate on this issue

Query results obtained from Google Scholar

Phrase	Count of entries
risk	4 490 000
"risk management"	1 450 000
"risk management" finance	784 000
"risk management in finance"	503
"risk management" "official statistics"	6 490
"risk management in official statistics"	0
"risk management in statistical organizations"	0

3. Agility in risk management

Overview

In *Guidelines...* the term agile is defined as

an approach where requirements and solutions evolve through collaboration between self-organising, cross-functional teams

Remarks on agility in official statistics

- Old concept with a new name

- Agility is part of ISO 31000

- The term *agility in risk management* better captures the essence of the problem than *agile risk management*

- Software development methods are not a perfect pattern for official statistics

4. Assumptions of adaptive measuring system

Risk in the ISO 31000

- Is defined as: „effect of uncertainty on objectives"
- This definition
  - is a broad-ranging concept
  - enables, depending on the interpretation, the inclusion or exclusion of a particular phenomenon
  - helps develop an effective risk management model useful in many separate areas of human activity

Adaptive measuring system

- Requires detailed definition of risk prepared for each risk category or risk item. It must:
  - indicate the measurement methods
  - point out the source of data acquisition for the indicators
  - encourage their proper interpretation
- As ISO 31000 suggests, it should be "dynamic, iterative and responsive to change "

5. Recommendation for the risk management training program in official statistics

Structuring the material

- We apply the worked out approach dividing training material into three levels: (i) introductory (ii) intermediate (iii) advanced
- There is a need for building curriculum for each material consisting of
  - program of the training course
  - estimated duration
  - essential and additional resources for self-education
  - defined audience
  - acquired knowledge, skills and attitude
- Each curriculum should be accepted by RM task team leaders and further subject to change management
- Curricula structure the content of each training material
- The material will consist of student's course book and teacher's manual

Course book

- Supports trainers in their work
- It should be short (10-30 pages), concise (all definition explained) and simple (w/o sophisticated discourse)
- Gives participants the resources for self-education
- An available course book can be used or a manual prepared by e.g. some members of our team

Case studies

- Case studies are valuable teaching resources
- There are many resources focusing on building appropriate educational material
- Each NSO, preparing its case study, will decide how to execute disclosure procedure
- They present relevant issues drawn on NSOs' own experience
- Avoidance of simplistic approach is recommended
- They can be prepared in two versions
  - for discussion aimed at collaborative solutions of the group
  - for presenting the terminology and the process of risk management

Thank you for your attention!