Research Problem and Justification Statement

Name

Institution

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**The Problem**

Effective risk management requires management teams’ full support. This is because risk management teams need sufficient resources to initiate policies that can neutralize or mitigate the effects of identified threats. Therefore, it is imperative that risk managers communicate information about the discovered dangers to organizations’ top management teams and board. If risk managers fail to report the threats, there is a high possibility that management teams can make wrong decisions. For example, they can develop overoptimistic perceptions about their firms’ risk positions(Wilhelms& Reyna, 2013). Thus, most enterprises experience this challenge as some risk managers deliberately or unknowingly fail to inform their bosses about the risks they have identified(Groysberg&Slind, 2012). Often, these managers believe that they can manage the revealed risks without their managers’ support, which is not always the case. In some instances, the discovered dangers evolve and end up having devastating effects on companies’ wellbeing. Thus, there is a need to explore reasons why some risk managers fail to inform their organization management teams the threats they discover.

Communication is a strategic agenda in today’s corporate sector as employees and management teams want to feel involved in their firms’ undertakings. For this reason, it is important for risk managers to communicate the vision and mission of their departments in a compelling manner. Effective communication sets out the purpose of the risk management team and, in turn, creates the context for other organization members to connect with the division’s goals(Derks& Bakker, 2010). The shared values and vision allows the top management teams and boards to create bocks on which the organization structures and operations are built. Consequently, effectively communicating the identified threats to executives allows them to determine the role they can play in mitigating, avoiding, or neutralizing the threats. Therefore, the failure to inform top managers the identified dangers undermines the entire strategic risk management efforts. Additionally, the move erodes trust in the organization leadership, which can create tensions between the board and risk managers. Thus, there is a need to explore factors that drive risk managers to fail to report the risks they identify to the top management teams and implications of their actions to the broader organization operations.

**The Impact of the Problem**

The failure to communicate identified risks to organization top management erodes trust within the organization. Trust is a critical element in enterprise set ups, yet it is impossible to fake. It is the one thing that shapes employees’ relationships with the top management team. If trust is destroyed, it can destroy organizations. For this reason, there is a need for risk managers to involve all stakeholders in their operations. The outlook implies that risk managers should embed an authentic culture in their assignments by fully providing details of the discovered threats to executives. The approach enables senior managers to feel trusted and, in turn, playing an active role in managing the discovered threats(Paek, 2016). Without trust, the top management teams can become hostile to junior employees and, in turn, sabotage their projects. Thus, it is imperative that risk managers communicate their findings with senior officials to create a culture of trust, which is essential in managing organizational risks.

Thus, one of the major consequences of failing to involve top managers in risk management initiatives is limited resources to the risk management teams. Risk managers need sufficient backing from their seniors for their initiatives to succeed. For example, they need adequate resources to hire highly-skilled and talented individuals who can evaluate organization systems to identify risks and develop ideal solutions. Moreover, risk management divisions need resources to regularly update their databases and systems to determine most recent threats. Risk managers should engage top managers in their operations to ensure that they have access to resources they need. For instance, executives are unlikely to release resources needed to mitigate an identified risk that they have not been informed. Under such circumstances, the board is likely to develop a perception that the revealed threats do not have a significant impact on firm’s operations; hence, they can be ignored as well. Additionally, the board can release insufficient resources to the risk management division it cannot tell the exact magnitude of the risk.

**Why the Problem Exists**

Several factors contribute to risk managers’ failure to communicate risks to top management teams. One of the causes of this challenge is organization culture, which fails to involve employees. According to Tuck (2014), only 13% of employees feel engaged at work across the globe. These findings reveal that most organizations have ineffective communication strategies and platforms. Consequently, employees do not have sufficient ideal venues to reach out to their managers. This condition prevents risk managers from informing top managers the threats they discover in their organization operations. Often, board meetings are out of bound for mid-level managers. For this reason, most risk managers feel they cannot engage executives on their findings; hence, they opt to work with their teams to find solutions to the threats they discover(Paling, 2003). Thus, organization cultures that hinder employees’ engagement contribute to risk managers failing to inform senior managers about their findings.

Organizational politics also contribute to risk managers failing to inform senior managers the risks they discover. Often, mid-level managers or employees do not trust certain top officials. As such, they believe that keep them in the dark about their operations is an ideal strategy to prevent their interference. As such, some risk managers prefer to deal with the identified risks alone to avoid sabotage from senior officials. While the strategy might work in certain instances, it might be ineffective in high magnitude threats that need a lot of resources.

The State of the Art in Addressing the Challenge

The failure by risk managers to inform top management teams about the risks they discover comes down to ineffective communication tools. As such, some organizations have initiated measures to enhance their leadership styles to enhance employees’ engagement. The plan seeks to create authentic communication between employees and management teams. At the same time, effective leadership seeks to empower employees by enabling them to take ownership of their tasks and taking part in decision-making process. Despite these measures, risk management teams continue to experience challenges in reaching out to senior officials. One the reasons behind the condition is that most organizations perceive risk management communication as an ad-on activity rather than a core operation(Lundgren &McMakin, 2013). As such, most enterprises have not devoted sufficient attention to communication plans used to pass information about discovered dangers. Thus, the study seeks to evaluate factors that affect risk communication, such as strategies used to summarize risk assessments, the communication tools used in risk communication, and options available to risk managers(Hoffmann & Springer Fachmedien Wiesbaden GmbH, 2017). Investigations into these aspects will allow enterprises to identify ideal risk communication approaches and, in turn, enable them to effectively engage top managers.

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