

Contextualising risk within enterprise risk management through the application of systems thinking

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ABSTRACT:

New and emerging risks create growing uncertainty and unpredictability within enterprise risk management. While ISO 31000:2009 is a progressive risk management framework, it is limited in its guidance on how to contextualise complex risks. The application of systems thinking to risk management provides the opportunity to better understand complexity by viewing risk and the consequence of change as part of overall system behaviour. System modelling tools enable organisations to better contextualise their risk landscape. These tools assist organisations to identify vulnerabilities between social and ecological variables in the system within they exist. Determining drivers of change leading to system vulnerabilities can assist in understanding threshold limits of the system, thus enabling the organisation to build system resilience and organisational sustainability.