

Risks Shaped By Culture

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Organisational culture shapes risk exposure beyond the inherent risks of a project or industry. Culture is created through norms and routines, which strongly influence how people perceive and respond to risk.

Norms are the shared attitudes and informal rules that guide behaviour - such as the collective view towards compliance, what behaviours are rewarded or overlooked, and the degree to which risky actions are tolerated. If high-risk behaviour is consistently rewarded (or not questioned), it becomes embedded as an accepted norm.

Example:

In a practice where 'getting the job done' is valued over following QA procedure, project teams often skip the documentation review to save time. Eventually, this shortcut becomes an accepted behaviour - increasing the likelihood of errors not being identified.

Routines are the daily practices that stem from these norms - how often near misses are reported, how risk considerations are factored into decisions, and how effectively risks are communicated. When risky behaviour is routinely ignored or rationalised, it becomes part of the organisation's fabric.

Example:

When near misses on site are rarely documented or discussed in team meetings, team members are likely to stop reporting them at all. This routine lack of reporting hides risks, creates a false sense of safety, and prevents learning from small events to prevent a big event.

Changing risk behaviour requires more than new policies. Real change comes from shifting the underlying norms and routines that determine how risk is actually managed. Below are several factors that can impact norms and routines:

Agency and Risk Management

Agency - the extent to which people feel empowered to act on risks - plays a critical role.

- When agency is high, team members are more likely to raise concerns early, act on emerging risks, and mitigation is more effective.

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- When agency is low, team members may not feel that it's their place to intervene, or may fear consequences for speaking up. This leaves risk management overly dependent on leadership or formal processes, often resulting in slower, less effective responses.

Improving agency isn't just delegating responsibility. It requires cultivating psychological safety, where all team members trust that speaking up will be welcomed and acted upon, rather than punished or ignored. Strong agency builds organisational resilience.

Within your practice, consider:

- How often are concerns, risks, or issues raised by team members, and how are they acted on?
- Is the process for raising concerns transparent, understood by everyone, and easy to follow?
- Do team members feel safe to challenge decisions or flag risks?

The Culture of Risk Tolerance

Organisations that demonstrate a high tolerance for low standards - even in subtle ways - are more likely to experience safety incidents, quality issues, or ethical breaches. The standards we tolerate often become the standards we adopt. Even small allowances for low-quality work, shortcuts, or poor safety practices can, over time, normalise higher-risk behaviours. Regularly reflecting on what behaviours are being rewarded - or ignored - is essential, especially in high-pressure or resource-constrained environments.

Within your practice, consider:

- Do our fees realistically allow time for critical processes (ie. reviews, health & safety in design), or are these always the first to get dropped?
- How are standards set, communicated, and reinforced across various projects?
- Where do shortcuts originate - are they driven by management, client pressure, or resource constraints?

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Competing Views of Human Error

There are two common perspectives on the human role in risk:

Human as Hazard: People are seen as sources of mistakes, violations, and oversights. From this perspective, risk must be controlled by limited human discretion, increasing top-down control, and enforcing strict processes.

Human as Hero: People are viewed as adaptable problem-solvers who detect anomalies, recover from system failures, and strengthen resilience. From this perspective, people are the organisation's most flexible risk management tool. Errors are often symptoms of poor system design or cultural weaknesses, rather than purely individual failings.

Balancing these views - recognising both human vulnerability and human adaptability - is key to effective risk management.

Within your practice, consider:

- When errors occur, do we focus on blaming individuals or understanding the system conditions that allowed the error?
- How do we capture and learn from mistakes or near misses so they strengthen, rather than weaken, our processes?
- Are we leveraging staff adaptability and problem-solving skills, or relying solely on rigid procedures to control risk?



The information in this report is drawn from the *Integrating Risk into Strategic Decision Making* course, attended by Mikayla Extton at the Judge Business School, University of Cambridge. Mikayla participated in this programme through the NZACS Scholarship (2024), which supports employees and principals of member firms to develop their expertise in commercial and risk management. Mikayla was also supported by her workplace - Shaw & Shaw Architects - where she works as a registered architect.

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NZACS is keen to encourage ongoing conversations about risk in the architectural industry. If you have questions about any of the topics covered, or would like to discuss the report or the scholarship further, please reach out to Mikayla or NZACS - we welcome the opportunity to continue the dialogue.