

DIPLOMA IN LAW ENFORCEMENT

CHAPTER 1: INTRODUCTION TO RISK MANAGEMENT

DLE 2163: Security Risk Management

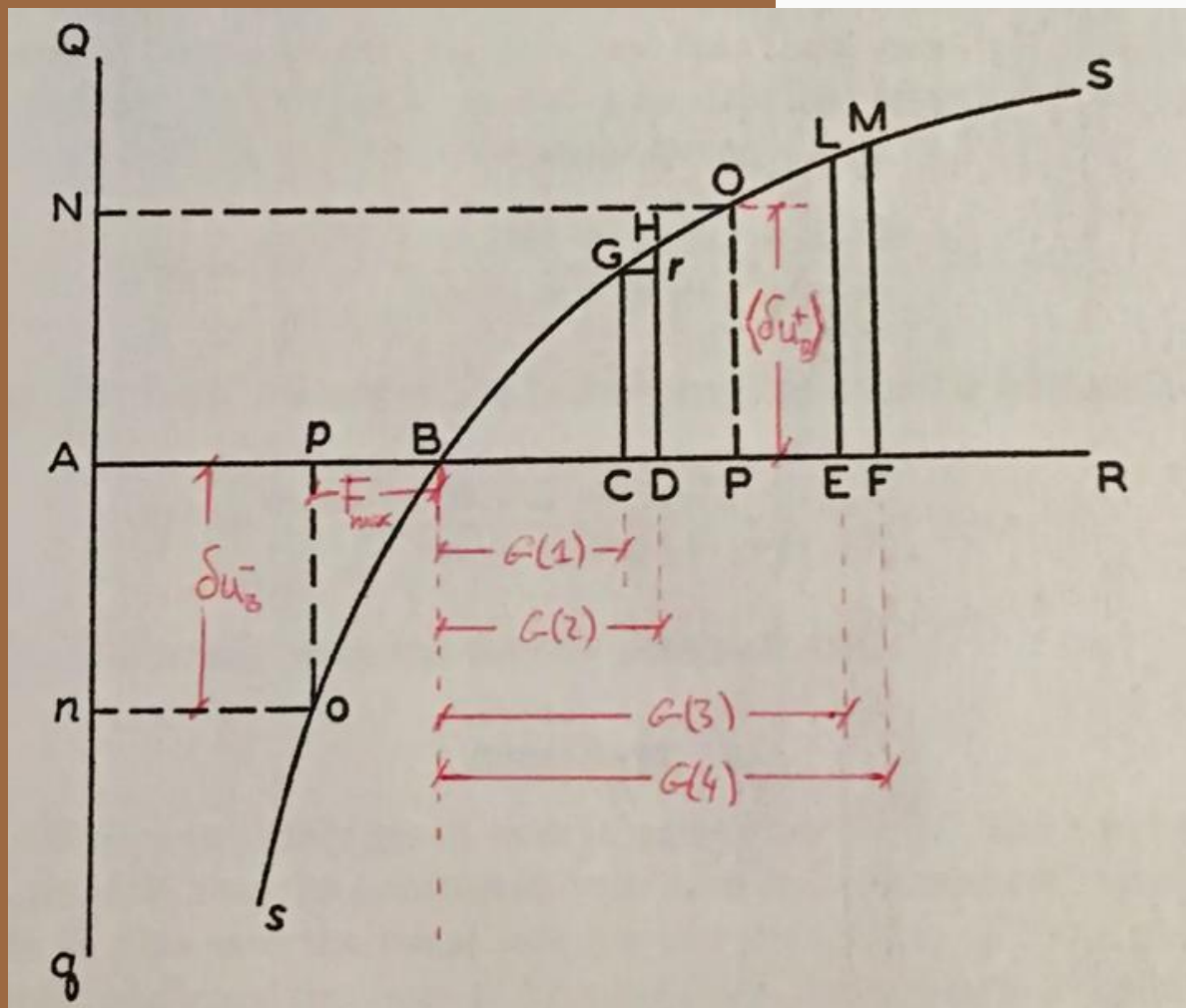
LEARNING OUTCOME:

**UPON COMPLETION OF THE SYLLABUS TOPICS, STUDENTS
SHOULD BE ABLE TO**

- Describe the history of risk management.
- Define risk management
- Describe the nature of risk as losses and opportunity
- Identify risks in working environment

Pierre de Fermat (1601 - 1665)

Blaise Pascal
(1623-1662)



HISTORY OF RISK MANAGEMENT

- Risk has always been part of human life: war, trade, agriculture.
- Early approaches were reactive and based on superstition or experience.
- In 1654, Blaise Pascal and Pierre de Fermat (Foundation of modern risk calculation.) – game of dice
- In 1738, Daniel Bernoulli introduced the concept of utility theory in economics and decision-making, particularly in the context of risk.

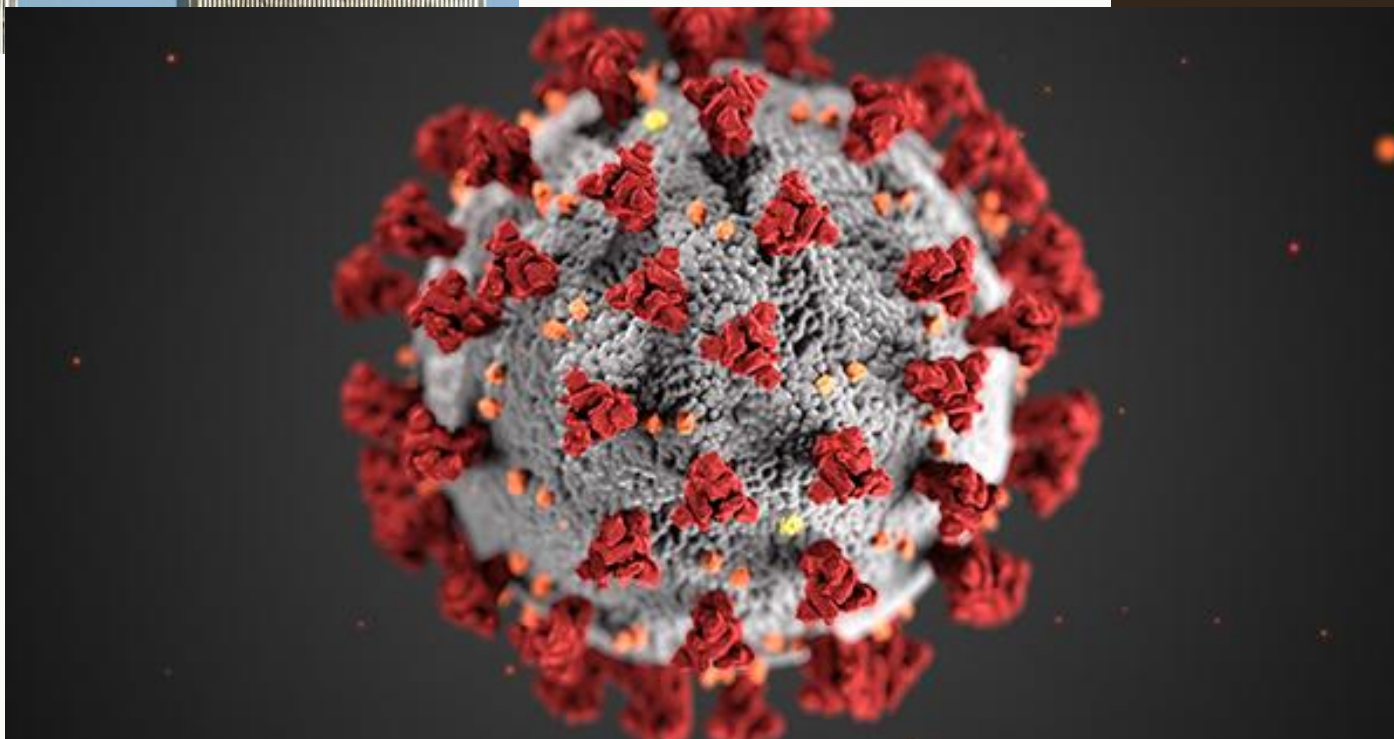
HISTORY OF RISK MANAGEMENT

- In 1950, Concept of risk management introduced in corporate settings.
- From 1980 – 2000, Broader view of risk including strategy, operations, finance.
- COSO (Internal control) and ISO 31000 (Global risk management standard) are introduced.



REFORMATION OF RISK MANAGEMENT

- In 2001, terrorist attack 9/11 in New York World Trade Centre
- In 2019, Global Pandemic Disease (Covid-19)
- Risk management integrate with technology such as artificial intelligence (AI), data analytics, cybersecurity.
- Risk management emphasis on ESG (Environmental, Social, Governance) risks.



WHAT IS RISK MANAGEMENT???

Risk – possibility of loss or gain something of value in an organization.

Threats – any event that can cause harmful to the organization.

Risk Management is a process of identifying, assessing and mitigating threats or uncertainties that can effect the organization.



TYPES OF RISKS



1. HUMAN RISK

- Human errors
- Negligence
- Crime



TYPES OF RISKS

2.NATURAL RISK

- Volcanic Eruption
- Flood
- Fire



TYPES OF RISKS

3.ACCIDENTAL RISK

- System Malfunction
- Blackout
- Outdated Machine



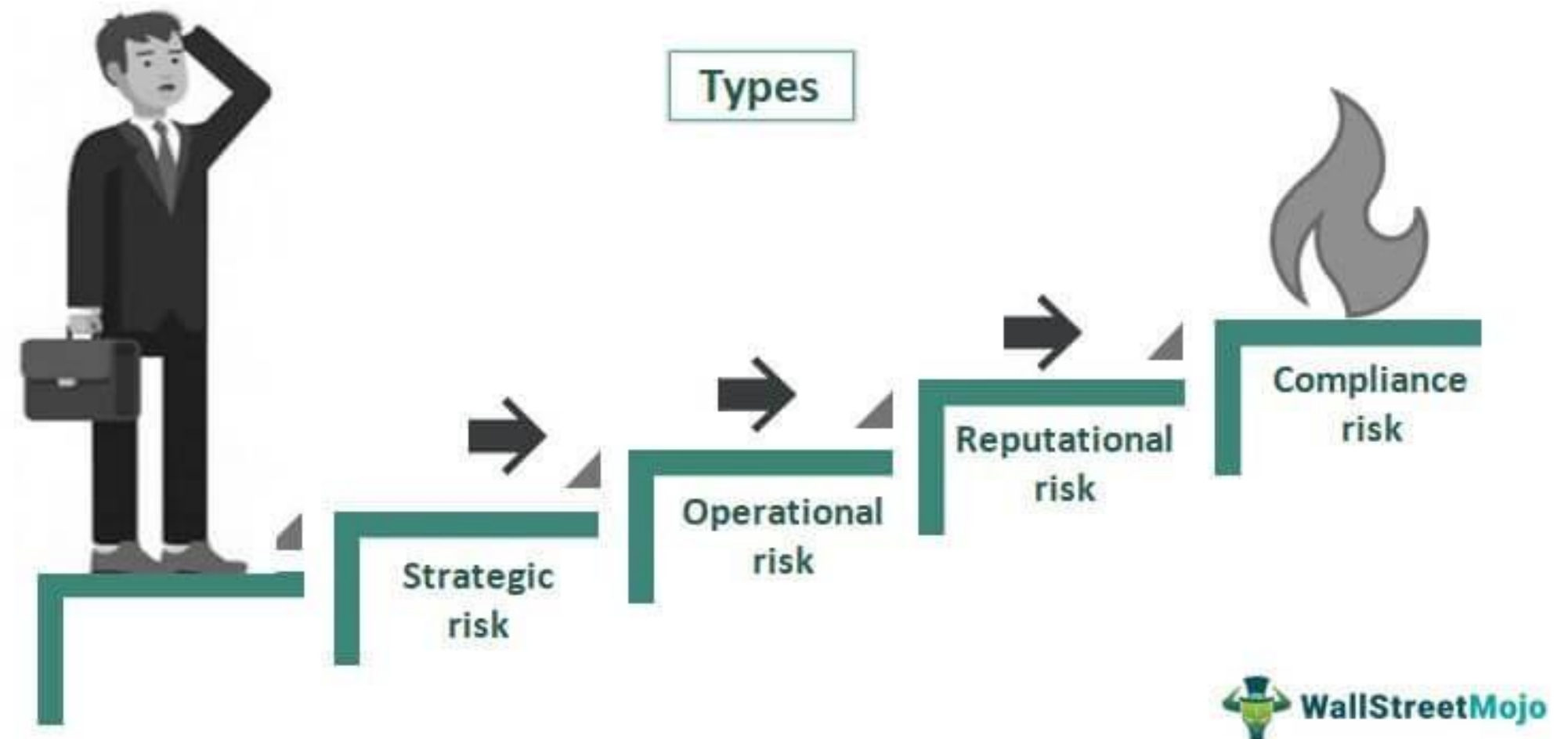
**CAN YOU IDENTIFY FIVE
(5) TYPES OF RISK
AROUND YOU???**



POTENTIAL RISK IN BUSINESS ORGANIZATION

- Financial risk
- Operational risk
- Reputational risk
- Strategic risk
- Compliance risk

Business Risk



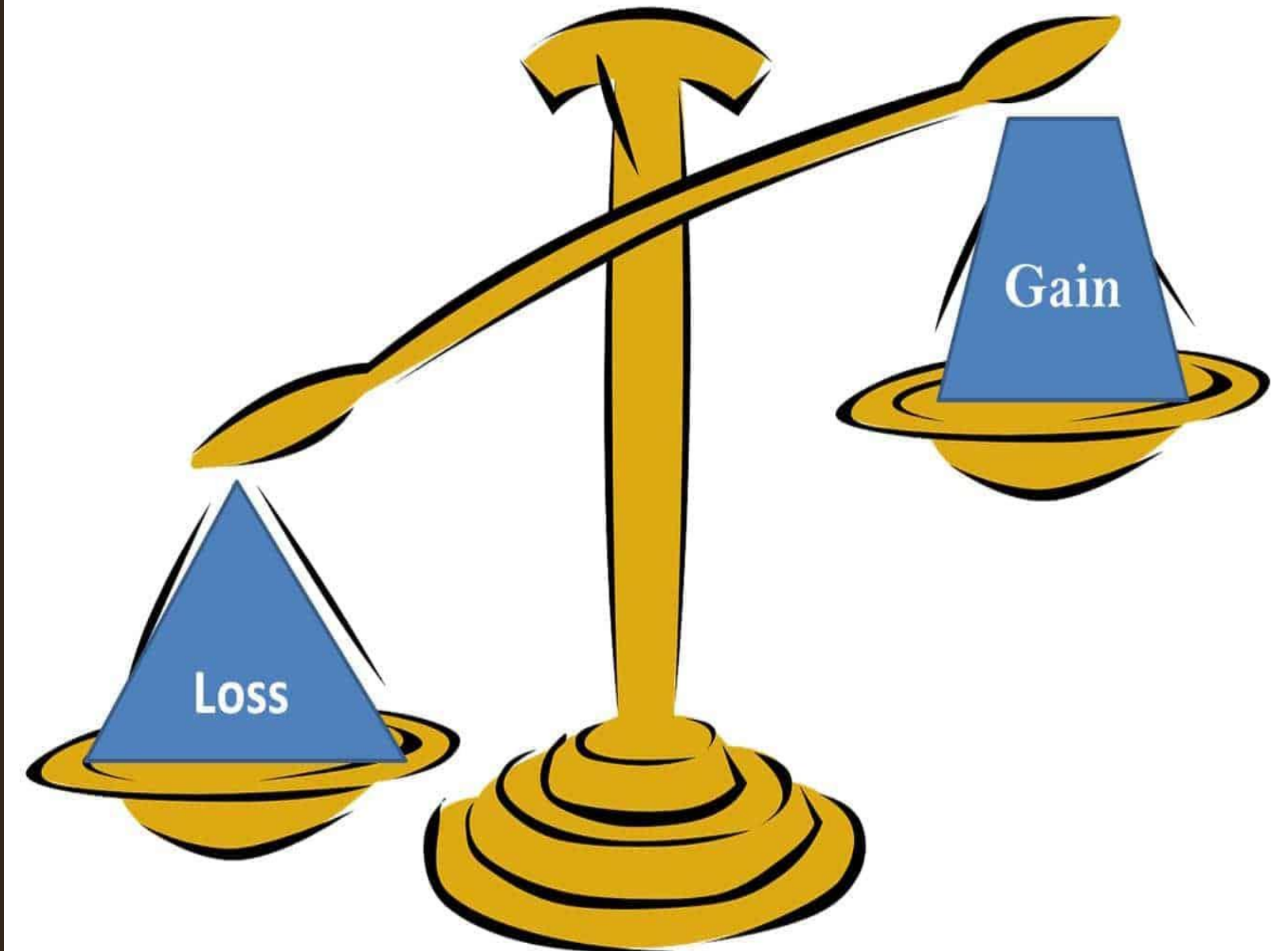
NATURE OF RISK: LOSSES AND OPPORTUNITY

Risk is not always a threat, it can be a source of opportunity

TWO SIDES OF RISK

Losses: Negative impact or harm
Example: Financial loss, injury, damage

Opportunities: Positive outcome or gain
Example: Market growth, innovation, cost savings



EXAMPLES OF LOSSES

- Data breach caused Reputation damage
- Fire in warehouse caused Operational disruption
- Insider threat caused Financial theft
- Legal non-compliance caused Fines & penalties
- Negative Impacts: Economic, physical, legal, environmental



EXAMPLES OF OPPORTUNITIES

- New security tech caused Improved protection
- Emerging market caused Business expansion
- Risk review caused Process improvement
- Strategic partnerships caused Competitive edge
- Positive Impacts: Profit, innovation, trust, sustainability



RISK AS SPECTRUM

- Risk can shift over time
- Proper management can reduce threat



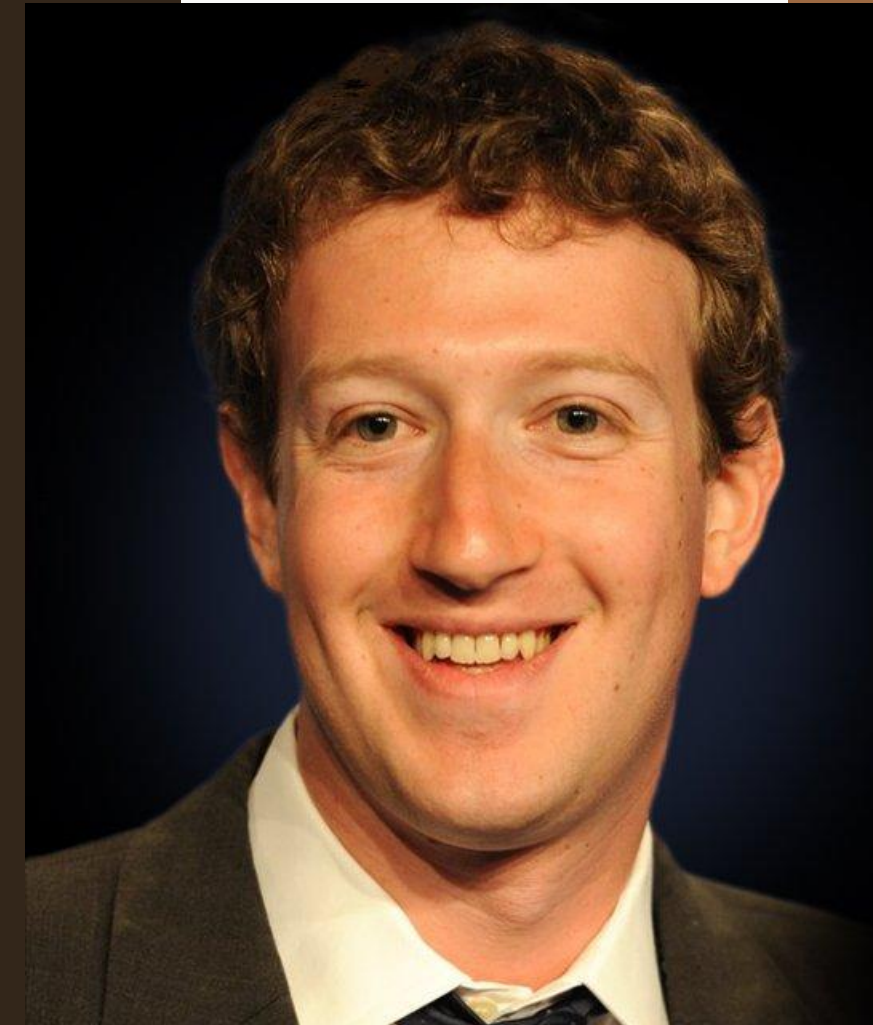
RISK PERCEPTION AND BIAS

- People fear losses more than they value gains
- Cultural, emotional, and organizational factors influence risk perception
- Security managers must remain objective and data-driven



BALANCING RISK AND REWARD

- ALL OPPORTUNITIES CARRY RISK
- GOOD RISK MANAGEMENT = BALANCING PROTECTION WITH PROGRESS
- IT IS NOT ABOUT AVOIDING RISK, BUT ABOUT MANAGING IT WISELY



The biggest risk
is not **taking any risk.**

— Mark Zuckerberg

AZ QUOTE

THANK YOU