

# **DIPLOMA IN LAW ENFORCEMENT**

## **DLE 2163: SECURITY RISK MANAGEMENT**

### **Chapter 1**

## **Introduction to Risk Management**



# LEARNING OUTCOMES

Upon completion of the syllabus topics, students should be able to:

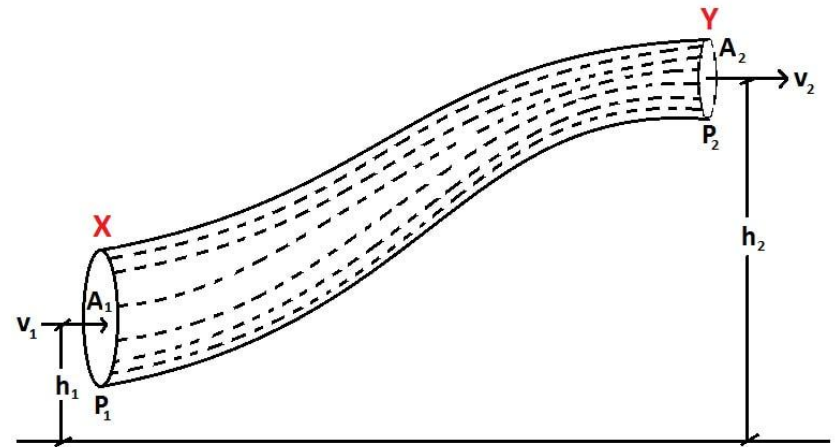
1. Gain a knowledge about the history of risk management.
2. Define the meaning of risk in risk management
3. Describe the types of risk in real world.

# Chapter 1

## INTRODUCTION TO RISK MANAGEMENT

# History of Risk Management

- Our modern concept come from Hindu-Arabic numbering system that reached the West around 13th century.
- 1713 - Jacobs Bernoulli had proven 'The Law of Large Numbers', known as Bernoulli's Theorem.



# History of Risk Management

- Intervening 300 years observed slow but still using mathematical and scientific in risk management
- Use in night watchman, soldier and intelligent community

# History of Risk Management

- 20 century - advent of electronics and related technologies
- ex: radar, communications, composite materials, weapons
- Telephone, radio and computer technologies have introduced - new element of security

# Definition of Risk

**Risk** is the potential of gaining or losing something of **value**.

**Values** (such as physical health, social status, emotional well-being, or financial wealth) can be gained or lost when taking risk resulting from a given action or inaction, foreseen or unforeseen.



## Definition of Risk...cont.

**Risk** can be defined as either intentional/unintentional interaction with **uncertainty**.

**Uncertainty** is a potential, unpredictable and uncontrollable outcome; risk is a consequence of action taken in spite of uncertainty.





# Definition of Risk based on organization

ORGANIZATION	DEFINITION OF RISK
ISO Guide 73 ISO 31000	Effect of uncertainty on objectives. Effect may be positive, negative, or a deviation from the expected. Risk is often described by an event, a change in circumstances or a consequence.
Institute of Risk Management (IRM)	Risk is the combination of the probability of an event and its consequence. Consequences can range from positive to negative.
Institute of Internal Auditors	The uncertainty of an event occurring that could have an impact on the achievement of the objectives. Risk is measured in terms of consequences and likelihood.

# Security Risks

A security risk is any event that could result in the compromise of organizational assets. The unauthorized use, loss, damage, disclosure, or modification of organizational assets for the profit, personal interest, or political interests of individual and groups. It also includes the risk of harm to people.



# Security Risks...cont.

Compromise of organizational assets may adversely affect the enterprise, its business units and their clients.

As such, consideration of security risk is a vital component of risk management.



# SECURITY RISK MANAGEMENT

- A process for identifying, prioritizing, and managing risk to an acceptable level within the organization.





**“Risk is like fire: if controlled it will help you;  
if uncontrolled it will rise up and destroy you.”**

**Theodore Roosevelt**

# Why Do We Need Risk Management??

*The only alternative to risk management is crisis management ... and crisis management is much more expensive, time consuming and embarrassing.*

JAMES LAM, Enterprise Risk Management, Wiley Finance © 2003

*Without good risk management practices, government cannot manage its resources effectively. Risk management means more than preparing for the worst; it also means taking advantage of opportunities to improve services or lower costs.*

Sheila Fraser, Auditor General of Canada

# TYPE OF RISKS

## 3 Types of Risk:

1. Human Risk
2. Natural Risk
3. Accidental Risk

# NATURAL RISKS

Natural risks are results from natural disasters or disruptions.



**Storms**



**Volcanic eruption**



**Fire**



**Earthquake**

**Landslide**





# Human RISKS

These are caused by human mistakes and errors, as well as the unpredictability of customers, employees or the work environment. This could include:



Bad Cheque



Negligence

# ACCIDENTAL RISKS

These are caused by malfunctioning of system, breakdown in processes and complex technology.



# THINK!!!

- List 5 risks around you.



# CONSEQUENCES OF RISK

- Death
- Serious Injury
- Loss of property
- Damage of property
- Bankruptcy
- Loss in profit
- Market share down
- Financial instability
- Economic instability
- Loss of jobs
- Loss in investment
- Loss in tourism

# SECURITY RISK IN BUSINESS ENVIRONMENT (EXAMPLES)

Financial Risk



Hacking of Data



Terrorism



Robbery



# SECURITY RISK IN PDRM

**Corruption**



**Being Shoot At @  
Wrongful Shooting**



**Leaking Information**

**Wrongful  
Arrest**



# SECURITY RISK IN PDRM...cont



Lack of Information



Lack of Planning



Link With Syndicates

Outdated  
Equipment



# Potential Risks in Armed Forces

Potential risk in the armed forces caused by:

- Shortcomings in personnel, intelligence and logistical support.
- Lack of clear standards or no standards at all.
- Lack of or outdated training.
- Poor leadership
- Lack of self-discipline
- Lack of appropriate resources.





**Risk management helps army to safely perform tough missions.**



# GROUP DISCUSSION

- Divide into groups.
- Discuss the **potential risks** faced by Airline company, bank, post office, school/university, tourism, Retail, Residential, TNB. and **how they overcome the risk**.
- Discuss the potential risks faced by the Security Department in organization and what counter measures can be taken to overcome these.
- Present to the class/audience.