

Risk Management and ISO 31000 in Japan

Interview conducted for isotc262.org by
Dr. Frank Herdmann with

Takahiro Shibata, Head of the Japanese delegation to TC 262



Takahiro Shibata was the head of the delegation of Japan to ISO/TC262 at the Amman meeting in 2016. He has been working on risk management and crisis management in various industries in Japan as a consultant for more than 20 years.

isotc262.org: *Takahiro you were the head of the Japanese delegation to the ISO/TC 262 meeting in October 2016 in Amman. Can you briefly introduce the Japanese Industrial Standards Committee (JISC), your national standardization organization, please?*

Takahiro: JISC was established within the Ministry of Economy, Trade and Industry to conduct surveys and deliberations on the adoption and revision of the Japanese Industrial Standards (JIS). The JISC also participates in international standard development activities as Japan's sole representative body in the ISO and the IEC, including ISO31000.

isotc262.org: *What is the impact of risk management and in particular ISO 31000 in Japan?*

Takahiro: Historically the dedication to organizational structures such as families and companies was regarded as a virtue in Japanese culture. Those organizations used to play important roles and be responsible for risk management, rather than individuals. Especially during the high economic growth period in Japan, everything was going well. The average person was able to achieve a certain level of success in their lives, unless they made a big mistake at some point. Therefore, people only focused on the negative consequences, rather than take risks. But these days, the problems are getting much more complicated. We cannot solve the problems simply by focusing on the negative consequences. We should think more holistically to achieve our objectives. So, the importance of assessing positive and negative effects at the same time is now becoming widely accepted, even in the safety management field I work in. It has been understood that risk management is important not only for minimizing the specific risk in the limited

scope but also for making decisions to optimize and accept the risks of a whole organization or society, while considering the positive effects. Since ISO 31000 was adopted in Annex SL and major management system standards, it is attracting growing attention in Japan. I really hope ISO 31000 will give us a good opportunity to consider and deal with risks more appropriately in a modern Japan.

isotc262.org: *Who are the key stakeholders of risk management in Japan?*

Takahiro: As we all know, everyone in the organization is the stakeholder of risk management. I'd like to bring attention to three groups of stakeholders. The first group is, of course, the top management of the organization. They should have leadership and significant influence on risk management of the organization. The second group is the customers who are able to request the appropriate risk management to suppliers along the supply chain including not only domestic companies but those overseas as well. The last group is the general citizen. I don't think the average Japanese person is used to taking risks because of our historical background as I mentioned previously. People should be more involved in decision making about social issues as well as individual issues that contain uncertainty.

isotc262.org: *What are the biggest obstacles for integrating risk management in all organizational activities for managers in Japan?*

Takahiro: There are silos in almost all organizations in Japan. I think they are the biggest obstacles for integrating risk management in organizational activities. When the top management allocates the responsibility to each division, this allocation itself creates a new risk of local optimization, and the individual division is not necessarily able to achieve the objectives of the whole organization. To get rid of those obstacles, it is critical that we improve the understanding of risk management among top management. ISO31000 will give them good suggestions.

isotc262.org: *ISO 31000 quickly became one of the bestselling and most well recognized standards in ISO. What do you think about the future of the standard and how will it change to adapt to new challenges?*

Takahiro: Risk is defined as "effect of uncertainty on objectives" in ISO 31000. The effect could be positive, negative or both. What is a positive or a negative effect depends on the individual. Not only that, there are a lot of uncertainties which involve human and cultural factors. In Japan, it's well known that these factors may contribute to big accidents. I think that how to take human and cultural factors into account is a new challenge for risk management in the future. It will require deep insight and understanding of what the human being is. We have not yet found clear solutions, but if we can make any progress in this field, I believe it will be a valuable tool for all of us.

isotc262.org: *What message do you want to give to the risk management community?*

Takahiro: I believe that ISO 31000 is a good guideline, but it's just a guideline. It cannot solve all problems and create value automatically by applying itself, and getting some kind of certification for a risk management system for a client will not create the real value by itself. Whether we can create value or not depends simply on our objectives and our will. The most important thing is to understand the kind of society we want to create.

isotc262.org: *What advice can you give to interested parties in Japan who want to offer their input to the work of ISO/TC 262 and who should they address?*

Takahiro: JISC participates in and contributes to the development and revision of ISO 31000. If you have any comments or question on the ISO 31000, please feel free to contact us (www.jisc.go.jp)

isotc262.org: **Thank you very much!**