RESEARCH HIGHLIGHT

Feasibility of Risk Management as a Subject for Capacity Building in First Nations Communities

INTRODUCTION

Every community faces an almost endless variety of risks. Each risk represents the probability of an accident or other negative event.

For example, an icy sidewalk represents the risk of someone falling and being injured. If the sidewalk is regularly shovelled and salted, then the probability of an accident is low. Conversely, if no measures are taken to make the sidewalk safe, then the probability of someone falling is much higher.

The same can be said about risks related, for example, to fire, flooding, vandalism, computer security and construction sites. Most accidents create financial losses in some form, which often turn into insurance claims. Repeated insurance claims lead to higher premiums and—sometimes—the inability to obtain coverage.

The issue is much broader than insurance. Insurance is one element in the broader discipline of "Risk Management"—a systematic approach for preventing losses and controlling risk cost-effectively.

The goals of risk management are:

1. to minimize the likelihood of accidents;

2. to limit their severity when they do occur; and

3. to ensure that the pre-accident situation can be restored.

STUDY OBJECTIVES

Overall, the aim of this study was to determine which components of risk management could be taught in the context of building First Nations capacity and to design a model for community risk management training for First Nations communities.

In particular, the research objectives were:

First: to identify which components of risk management can be taught in an Aboriginal capacity building context and determine the best training methods for transferring skill and knowledge.

Second: to design the most appropriate delivery model for optimizing skill and knowledge transfer; a model that goes beyond rote memorization and enables students to experience deeper learning.

Third: to pull together the identified risk management components and the delivery model, and fit them into a curriculum that optimizes learning and allows students to apply risk management principles in their home communities.

METHODOLOGY

There were three distinct phases to the study:

1. Phase One was a literature review to determine where risk management is being taught, who is teaching it and what is being taught. The researchers examined 73 separate risk management or insurance courses delivered by 11 universities, 7 professional associations and 4 Canadian colleges. The review also examined 8 research papers produced by public agencies.

2. The second phase moved from secondary to primary research, interviewing 36 key informants by telephone from:

- Risk management training institutes (5 interviews)

- Risk management practitioners (8 interviews)

- First Nation capacity development professionals (11 interviews)

- First Nation communities (12 interviews)

There was a separate interview script for each group. Participants were given a copy of the questions well before the interview.

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3. Phase Three synthesized the results of the first two phases to build responses to four questions:

1. What are the criteria for selecting risk management components that are transferable and what are the best training methods for teaching in the environment of First Nations capacity development?

2. What are some of the key factors to consider when developing the course content?

3.What are the delivery models available and under what conditions should a particular model be used?

4. What are the critical success factors and what should be done to address them?

The answers provided a foundation for developing a custom curriculum for community risk management training.

RESEARCH FINDINGS

Most Favourable Approaches for Teaching Risk Management

In determining the criteria for selecting risk management components that are transferable, the researchers drew upon some well-established adult learning principles.

Four conditions facilitate knowledge transfer:

1. Association (students are able to associate new information with things they already know).

2. Similarity (new knowledge fits into a framework or a pattern students are already familiar with).

3. Degree of original learning (how well material is learned during the initial teaching of it).

4. Critical attribute elements (the degree to which material is critical or extremely beneficial to the student in his/her job).

Synthesizing these principles with work in the earlier phases, the researchers concluded that all components of risk management are transferable in the context of a First Nations community, provided that the development of the components is guided by certain criteria. Each risk management component in the curriculum should:

■ be taught initially at its most basic, foundational level;

■ not require or assume any prior knowledge on the part of participants;

■ have practical application in the participants' home communities;

■ be capable of being customized to represent situations and circumstances which participants might encounter in their communities; and

■ be capable of being taught progressively.

Knowledge transfer is a key required outcome of the curriculum design, and lessons gleaned from the interviews are consistent with existing literature: knowledge transfer is best facilitated in a setting that provides personal instruction. Learning in this instructor-led setting is optimized when the environment is "safe." A safe environment is created by ensuring the following conditions are in place:

■ an interactive environment with a high degree of instructor-student interaction;

■ an atmosphere which encourages creativity and experimentation;

■ a flexible curriculum which can be adjusted, if necessary, to keep learning objectives in step with participants' needs; and

■ a curriculum which has participants assuming responsibility for their own learning.

The typical candidate for training in community risk management will probably have no prior experience or training and may not see the need for the training. This creates motivation issues. Candidates may also have a fragile sense of self-confidence about the training and have an uncertain level of support from their community leadership. With this as a backdrop, the following 10 factors have been set out. They underpin the course development and are accommodated within the design.

1. The lack of perceived need for the information

2. The need to set an appropriate level of difficulty for the material

3. The need to customize examples and case studies

4. The need to be aware that learning approaches and objectives could evolve, even as teaching proceeds

5. The need to understand that adult learners are practical and goal-oriented, which has implications for course development

6. The need to focus on skill development (as opposed to knowledge transfer for its own sake)

7. The benefits of stimulating learning by stimulating participants' senses (for example, by incorporating a mix of visual materials and guest speakers)

8. The need to complement risk management training with more general skill development

9. The desirability of building risk financing/insurance training onto the back end of the training (in order to complete the risk management spectrum)

10. The need to provide post-classroom support to participants.

DELIVERY MODEL

In an analysis of the relative advantages and disadvantages of possible delivery models, classroom instruction quickly distinguished itself as the preferred model for delivery. Other models considered included electronic distance learning, distance learning by correspondence and personal coaching/tutoring. However, none of the other models had serious support in either the literature or the interviews.

After synthesizing the cumulative research, five critical success factors emerged to drive the design of the training model. The resulting course must:

1. Create a supportive environment, in which the instructor builds relationships and engages participants in an ongoing dialogue, as opposed to lecturing to them, and communicates respect for all participants as individuals.

2. Create and maintain a high level of motivation, through clearly articulated learning objectives, a focus on how the training will benefit the participants personally and soliciting regular feedback.

3. Facilitate retention of new knowledge by customizing material to reflect participants' interests, relating concepts to participants' own life experiences and frequent positive reinforcement.

4. Facilitate transference of new knowledge, by keeping participants actively engaged in learning and providing them with practice, practice, practice.

5. Decrease barriers to learning by asking participants about their barriers directly and by being aware of how participants are progressing and responding to material.

The research shows that risk management, beyond insurance, currently receives little serious attention within First Nations communities. A custom-designed training program in risk management for First Nations communities would likely have greater take-up if it were preceded by awareness building.

A two-phase program is proposed to address this.

The first phase is a half-day workshop delivered to First Nation communities, targeted primarily at Chief, Band Council and departmental managers. Their buy-in and support is essential for success with the second phase.

The objectives of the workshop are to:

- educate at a cursory level,
- raise awareness of the benefits to the community of risk management, and
- create demand for more comprehensive training.

The second phase is a longer course delivered in regional centres. The objective is to impart practical risk management knowledge and skills.

Training should be delivered in an instructor-led classroom model with 12 to 15 participants. The learning environment must be both interactive and safe. Building a safe environment for participants means creating a classroom environment in which people feel welcome and comfortable, and in which their contributions are valued. The features of a safe environment include non-competitiveness, mutual respect, group work, positive reinforcement and material that challenges without discouraging.

Graduates of the training will be equipped with a great deal of new knowledge. Presumably, they will have a mandate to develop risk management plans for their communities and to put in place risk management practices that reflect current thinking in the field.

However, these new risk managers may lack seasoning and may initially have a fragile sense of confidence and fear of failure. The solution is to provide post-classroom coaching and peer support. Primary support could take the form of "hotline" support from the instructor, by phone, fax and e-mail for up to six months. The support would provide graduates with a mentor and technical adviser. It would also help course graduates build confidence and keep the development of the community's risk management plan on track in its critical early weeks.

THE RISK MANAGEMENT CURRICULUM

The research findings suggest that the curriculum be designed in two parts—a half-day workshop and a more comprehensive training program.

The half-day workshop — Introduction to Community Risk Management — would be marketed to First Nations councils and senior administrators and delivered on request. The workshop would play two roles. First, it would set out a basic understanding of risk management concepts and approaches for those who encounter substantive risks while discharging their duties, such as housing and public works managers, but who do not go on to take further training. Second, it would be a recruitment tool for the more in-depth program.

The workshop would be a lively and interactive three- to four-hour session covering the following topics:

- Definitions of risk, hazard, peril and loss.

- Hazards and risks; relating risk to safety.

- Risk management: what does it mean to systematically manage risk?

- Community risk management and the elements of managing risk.

- The benefits of a community risk management program: safer communities, reduced insurance claims, reduced insurance costs.

- The role of insurance in risk management.

- More comprehensive risk management training for Aboriginal communities: course format, content, timing and cost.

The more comprehensive training— Community Risk Management Fundamentals —would teach course participants how to design and implement a community risk management program that is right for their community. Those who do not go on to implement a program on their own will still benefit from the knowledge; learn when to hire experts; and, how to hire an insurance broker.

Training is designed around three modules, each three days long. Intervals between the modules spread the nine training days over seven weeks. Training could take place in regional centres with tribal councils as hosts.

Community Risk Management Fundamentals would cover the following content:

Module 1: Risk Identification and Assessment

At the end of this module participants will understand the risk management process; have learned and practised techniques for identifying and assessing various types of hazard (loss exposure); have been introduced to income and cash flow forecasting as they relate to risk management; and, understand how to set up and administer a custom risk management program for their community.

Module 2: Risk Control

At the end of this module participants will understand the various measures available for controlling known risks; know how to allocate resources to control a broad variety of risks; have been introduced to the development of disaster recovery plans; have practised developing preventive actions; and, be familiar with techniques for monitoring a risk control program.

Module 3: Risk Financing and Management Development

At the conclusion of this module, participants will be able to identify the types of risk that require financing; understand the range of techniques and vehicles available for financing future losses; be familiar with insurance programs, terminology and contract provisions; be capable of selecting an insurance broker for their community; and, have acquired basic tools and practice in a range of general management skills related to communications, selling of ideas and policy development.

The rationale for introducing communication, selling and policy development skills into the final learning module is to prepare participants to function more successfully as managers.

There are several ways to accommodate cultural differences in the curriculum, including the establishment of an Aboriginal advisory committee. Other measures could include customizing material to mirror a First Nations community; a field trip to a First Nations community; monitoring language selection; and, conducting pilot courses with either an Aboriginal advisory committee or First Nations group. In addition to ensuring that cultural differences are accommodated appropriately, piloting the course will provide valuable feedback about level of difficulty, content, teaching materials and pacing.

Course instructors should possess a blend of risk management expertise and adult teaching skills. Experience working with Aboriginal groups would be an asset.

CONCLUSION

First Nations communities are generally not large enough to require full-time risk managers. The most practical approach is to blend risk management functions with the duties of a current employee.

The existing staff in each First Nations community forms the most-likely pool of potential participants. Ideally, participants would be high school graduates or have equivalent education, have good written and oral communications skills and be good with numbers.

Most importantly, participants must be motivated. The key to building awareness, and recruiting motivated candidates for the comprehensive training, is the development of a lively and persuasive half-day workshop that is equal parts information session and sales pitch —that is, it focuses on the benefits for the community.

The risk management training is best marketed and delivered to First Nation communities through a partnership with an existing Aboriginal institution(s). A carefully selected partner or partners would provide an additional marketing and delivery channel, and may result in communities being more receptive to the training.

A number of Aboriginal organizations are potential partners, including for example, the Aboriginal Financial Officers Association (AFOA), the First Nations National Housing Managers Association (FNNHMA), the National Aboriginal Land Managers Association (NALMA) and the National Aboriginal Capital Corporation Association (NACCA).

As a basic requirement, a partner organization should be able to demonstrate nationwide reach and have a mandate relating closely to capacity development. In addition, the ideal partner would have an effective communication infrastructure and have experience delivering adult training programs to Aboriginal people, including those in rural and remote communities. Some organizations, such as the AFOA, have a track record of successful partnerships with third parties, such as Indian and Northern Affairs Canada (INAC) and the Certified General Accountants Association of Canada.

A partnership between CMHC and an Aboriginal organization or organizations could provide a number of benefits, including access to a pool of candidates, an existing delivery channel for building awareness and marketing the training, and credibility for a community risk management program for capacity building in First Nations communities. The partner(s) may have certain requirements in order for the risk management training to be eligible for continuing education credits for its members, e.g. maximum or minimum hours of instruction, or exam requirements, which may need to be accommodated in the drafting of the course content.

The concerns of First Nations communities will need to be addressed. These could include concerns about who pays for the training; how the community is expected to accommodate the new risk managers within its current administration and budget; and how communities could fund the risk control and other mitigation measures which flow from the resulting community risk management plan.

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Housing Research at CMHC

Under Part IX of the *National Housing Act*, the Government of Canada provides funds to CMHC to conduct research into the social, economic and technical aspects of housing and related fields, and to undertake the publishing and distribution of the results of this research.

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