

Risk and Faith: Contradictory or Complimentary?

by David Hillson

Introduction

There is general agreement that the future is uncertain, whatever yardstick is used. All present decisions about the future must be made under conditions of uncertainty, since perfect foreknowledge is not possible for the decision-maker. The business world is increasingly adopting a proactive approach to managing uncertainty, using the structured framework of *formal risk management*. The major religions however offer an alternative way of dealing with uncertainty, namely the response of *faith*. These two approaches are compared, to determine whether they can be combined into a coherent whole. The issue is addressed here from an



For the business person who professes faith in God, the existence of uncertainty poses a dilemma and a potential conflict between professional and spiritual world views. All would probably agree that *uncertainty is inevitable*, but there appear to be at least two mutually exclusive approaches to dealing with it, namely :

1. *Uncertainty is unwelcome*, and the right response is to attempt to manage it proactively, seeking to avoid, transfer, minimise or control risk. In the faith framework, risk management may be seen as part of the creation mandate to “have dominion and subdue”, since it is a rational part of good management practice. The responsible believing business person must do their best to manage risk as far as possible, and then have faith that God will deal with any residual risk.

2. *Uncertainty is acceptable* and should be welcomed by people with an active faith, since it provides an opportunity to demonstrate trust in God for an uncertain future. The statement that “we walk by faith and not by sight” indicates that faith in God is the appropriate response to uncertainty, and some suggest that true believers are natural risk-takers. From this perspective, risk management is unnecessary for the person with faith, since all that is required is an active trust in God.

making (personal and business) was recognised by Plato, who is reported as saying “The problem with the future is that more things might happen than will happen.” Business success is measured in terms of the achievement of objectives, which represent a desired future state, usually different from the *status quo*. These objectives are generally well defined and fixed, and are often expressed in terms of cost budgets, revenue/return targets, time milestones, performance or quality requirements, satisfaction of client needs, delivered business benefits etc. However the existence of uncertainty affects the ability to achieve the required objectives, producing risk in all types of creative enterprise and business.

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explicitly Christian perspective, although those from other faiths may find points of similarity. The intention is to open a debate rather than provide all the answers, and it is hoped that the discussion may stimulate further thinking in this area.

The Problem

The fact that uncertainty is an inherent feature of all decision-

On first examination these two positions appear irreconcilable. The following examples illustrate the dilemma :

- When considering insurance, either personal or professional, to what extent should future uncertainties be insured against, rather than adopting a position of faith in God to provide for unknown contingencies? Is it foolish to take out only minimal insurance to cover legal obligations, or would more extensive insurance cover be tantamount to lack of faith and reliance on worldly systems of support? Similar questions could be asked about pension arrangements.
- Should we view missionaries without a regular wage who “live by faith” as heroic role models who simply “trust God” for financial provision, or are they irresponsible idealists who rely on charity instead of sharing their needs openly with others and seeking partnerships which include financial support?
- Closer to the business world, are planning and prayer mutually exclusive? To what extent does proper stewardship require avoidance of unnecessary risk (perhaps in contrast to the parable of the talents [Matthew 25:14-30], which commended the risky investments while condemning the safe but unfruitful option)?

It may of course be possible to find a middle way which includes both the responsibility to manage risk proactively

while also retaining faith in God for the future. Perhaps the answer is *both/and* rather than *either/or*. However, before seeking a synthesis, the traditional approach to risk management in business is summarised below, outlining current best-practice principles.

Conventional Risk Management

The discipline of risk management has developed as an important weapon in the manager’s armoury, with the aim of managing uncertainty in order to reduce threats and maximise opportunities. The value of a formal and structured approach to risk management is becoming increasingly recognised as more organisations begin to reap the benefits of proactive management of uncertainty. Indeed many believe that managing risk is the single most important factor in ensuring business success. But what is risk management, and how can it contribute?

One common definition of risk relates uncertainty to objectives, stating that “a risk is any **uncertain** event that, should it occur, would have an **effect on achieving the objectives.**” Risk has two dimensions : *uncertainty* (the

probability that a risk might occur) and *effect* (the potential impact on objectives if the risk does occur). The aim of risk management is simply to improve decision-making by reducing uncertainty and minimising its potential effect. We should also recognise that uncertainty can be positive as well as negative, leading to unexpected opportunities which could be exploited if only they were recognised early enough.

The direct relationship between effective risk management and business success is clear, since risks are measured by their potential effect on achievement of objectives. Failure to manage risks will inevitably lead to failure to meet some or all of these objectives. Conversely, dealing with risk must by definition increase the chances of meeting objectives, and so enhance the likelihood of success.

Effective management of risk involves a five-phase process, starting with *definition* of the objectives and scope of the risk process. This is followed by comprehensive *identification* of all risks, objective *assessment* of their significance, *planning* of appropriate responses, and *management* of those responses to achieve the required result. This process is not complex, and is simply a common-sense and structured approach to dealing with uncertainty, ensuring that proper account is taken of every foreseeable risk. The aim is to allow proactive management in advance, rather than waiting for risks to mature into problems which require a crisis response.



A number of well-proven techniques are available for risk identification, including brainstorming, questionnaires, checklists and prompt lists, interviews, assumptions analysis etc. Once identified, risks can be qualitatively assessed, considering probability and impacts, determining owners and responses, and recording information in a risk register. Additionally, quantitative analysis may be used to simulate the combined effect of risks, using sophisticated modelling techniques to predict likely outcomes and identify options for action. Whatever depth of analysis is undertaken, it is vital that the risk process moves on to plan responses and result in actual management action, otherwise the effort is wasted. Responses could include *risk avoidance* to eliminate uncertainty, *risk transfer* to pass the risk to another party, *risk mitigation* to reduce exposure, or *risk acceptance* to control residual risks. The ultimate objective is to adjust

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strategy proactively wherever necessary in order to reduce risk.

There is clearly an intimate link between risk management and business success. Management should not be characterised by constant fire-fighting of problems and crises. Instead it should look ahead, identifying issues that pose a potential threat or major opportunity, and focusing effort on reducing or controlling risk

exposure before it has a chance to affect the objectives. Many managers attempt to drive their business by looking in the “rear-view mirror” of control and monitoring, rather than using the “forward-looking radar” of proactive risk management.

A structured approach to risk management produces many potential benefits: for the business, for those who manage risk proactively, and for other stakeholders with an interest in business success. These include hard benefits to the bottom line, as risk exposure is avoided and unused contingency turns into pure profit. But the risk process also contributes to softer issues, including improved communication and morale, common understanding of the business and its key challenges, and an increased awareness of risk. There seems little doubt that effective risk management is a key contributor to business success, although it is certainly not the only determining factor.

The Faith Perspective

While conventional risk management seeks to reduce risk exposure through proactively minimising threats and exploiting opportunities, the traditional Christian view appears to support a different approach. Many biblical narratives tell of heroic exploits undertaken by ordinary people who were motivated by a strong faith in the ability of God to deal with uncertainty. The catalogue of “heroes of faith” in Hebrews chapter 11 lists many biblical characters who took considerable risks on the basis that they were trusting God, including Noah

(built a boat hundreds of miles from the sea), Abraham (left his homeland with no clear idea of his destination), and Moses (leading Israel through the desert to an unknown “promised land”).

The following three examples illustrate an attitude that is typical of people of faith in the Bible, exposing themselves to considerable risk to their personal safety as a

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result of their obedience to God :

- Esther, who went to King Xerxes to represent the interests of her fellow Jews, knowing that she risked instant execution by going into the throne-room without a specific invitation. (see Esther 4:9 – 5:3)
- Gideon, attacking the Mideonite army with a reduced band of 300 men, each armed only with a torch, a clay pot and a sword (see Judges chapter 7)
- Shadrach, Meshach and Abednego, who refused to worship Nebuchadnezzar’s statue despite the threat of death by burning (see Daniel chapter 3)

These examples suggest that taking personal risks can be the right choice under certain circumstances. They also illustrate that the necessary precondition for taking these kinds of life-and-death risks is a prior knowledge of the will of God, based on a trusting relationship with him – Esther, Gideon and the three young Israelites each had a firm conviction

that God had told them what to do, and their faith in God's character made them confident that he could be trusted. Their desire to be obedient to their understanding of God's will seemed to allow them to take great personal risks – although perhaps their perception of the degree of threat was also influenced by their faith.

The nature of faith is central to understanding this influence. Hebrews 11:1 describes faith as “being sure of what we hope for and certain of what we do not see.” Such confidence and certainty can only be based on the unshakeable foundation of believing what God has said, which in turn comes only

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from a trusting relationship between the believer and God. Paul's statement that “we walk by faith not by sight” (2 Corinthians 5:7, quoting Habakkuk 2:4) also places emphasis on the need to trust God, rather than relying on physical senses and material provision. Similarly, both Matthew 6:25-34 and Luke 12:22-31 contain advice for disciples of Jesus not to worry or be afraid about future provision, but instead to “seek God's kingdom as a priority”, trusting in the fact that God is in control and will meet the needs of his children.

The examples discussed above all relate to taking personal risks when sure of God's involvement. There are however other biblical examples

of dealing with uncertainty in circumstances more relevant to business, and these seem to recommend a more balanced approach than simply “trusting God for the future”. Such examples include :

- Genesis chapter 41, describing the actions of Joseph, who undertook wise forward planning in Egypt during seven years while there were good crops, to prepare for seven years of famine.
- Luke 14:28-30, emphasising the importance of accurately estimating the cost of a construction project and ensuring adequate resources to complete it before work is started.
- James 4:13-16, which does not ban proactive business planning, but states a prior requirement to identify the will of God before making a firm commitment.
- Ephesians 5:15, which clearly states “Be very careful how you live, not as unwise but as wise, making the most of every opportunity because the days are evil” – the right response to difficult and uncertain times is careful wisdom, or as Jesus said, “Be wise as serpents but innocent as doves” (Matthew 10:16).

These passages suggest that faith in God should operate in partnership with a responsible approach to the future. The person of faith is not a helpless child who needs to be supported at every step. Rather, the goal is *maturity with dependency*, recognising that when we have done our part we can trust God to do the rest.

The message of the Bible seems clear – faith in God is an appropriate response to an uncertain future. For the person who trusts God, the future is not to be feared despite its inherent uncertainty, since both God and his promises are reliable and trustworthy. Faith leads to security

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and assurance, rather than fear. This however is not to be an excuse for irresponsibility, as faith is to be coupled with wisdom, forward planning and preparation wherever possible.

Conclusion

Two apparently contradictory approaches to uncertainty have been described. The secular business world recommends proactive risk management, viewing uncertainty as an unwelcome challenge to objectives, which must be avoided, minimised and controlled. The Bible also accepts that uncertainty is an inherent part of living in the time-space world, since the future is unknowable. However the Bible teaches that faith in God based on a relationship of trust can make uncertainty acceptable, especially where personal risk is involved. Can these two approaches be reconciled or combined?

The basis of faith or trust is a relationship between the two parties involved. If such a relationship exists with God, then faith can be an appropriate

response to uncertainty affecting the individual. Indeed the Bible teaches that this is the preferred approach, recommending faith in God as a personal risk management strategy for every believer.

However it does not seem possible to adopt faith in God as a generic risk management technique in business, since most organisations are not built on relationship with God (although there may be some exceptions,

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including local churches, religious charities and missionary organisations). Few boards of secular companies would accept prayer or faith as valid risk management strategies for tackling their business uncertainties! For secular organisations, the conventional approach to risk management remains the only option, adopting a structured process to identify, assess, plan for and manage uncertainty.

There appears then to be only one obvious way to resolve the two competing approaches. This is to have faith in God when dealing with personal uncertainty, but to use risk management techniques in the business context. This division however may be unnecessarily artificial, since it relies on making a distinction between the personal arena and the world of business. Those seeking to practice "faith in business" may prefer to look for an approach which combines the best of both worlds, using both faith and risk management appropriately, rather than creating an artificial *either/or* distinction.

A combined approach becomes possible where the business person also has an active faith. Such a person can not only trust God over uncertainties affecting their personal future, but could also involve God in business decision-making. "Planning plus prayer" must be a better option than relying solely on human wisdom. This does not absolve believers from the need to manage risk in a professional and structured way, using best-practice techniques

as described above. They can however take a different view of residual risk left over after risk management has been undertaken – manage risk proactively as far as possible, then trust God for the rest.

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