HOW IMPORTANT IS RISK MANAGEMENT IN ORGANISATIONS TODAY?

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# **Introduction**

The economic times when in uncertain situation of the past so many years have had the important impacts on how organization functions in such times. Organizations that utilised to function in a smooth manner with the assistance of forecasting as well as project which is refrained from forming business judgement that are established in stone. In the current time, organization that have a renewed attention in order to manage the risk (American Diabetes Association., 2016).

Risk is the important reason of so many uncertain in any company. This is why, organizations increasingly attention more on recognizing challenges as well as management the impact of the business. The capacity to manage the challenges and risks that will assist organizations function highly confidential on future determination in the organization (Aven, 2015). The overall knowledge of such risks that they face will provide so many options on how to address with so many potential issues.

# **Discussion**

**Risk management**

The concept of risk can come from sources like internal as well as external. The external form of risks can be defined as that are not in direct form of control of the management. These consist of political challenges, exchange rates, interest rate and many more. On the contrary, internal risks, consist non-compliance or data breaches, among so many others.

Risk management is crucial in a company since without it, a company cannot possible discuss its goal for the future (Aven, 2016). When an organization explains goals without taking the challenges or risks into consideration options are that they are losing the direction once any such kind of risks hitting household.

In the recent time, many organizations that have added amount of management of risk to the team. The overall role of such team is based on recognizing risks, further come up with so many strategies in order to safeguard against many risks, to implement such strategies and to encourage all kind of members of the organization to safeguards against such risks, to implement such strategies and to encourage all kind of members of the organization to help in such like of strategies (Giannakis & Papadopoulos, 2016). Large companies normally face higher risks, so the risk management strategies also require to be highly sophisticated. In addition, the management of risk team is accountable for the assessment of every kind of risk and deciding which of it are crucial or critical for the organization. The critical challenges are those that can have so many bad influences on the business, these must be providing significance an must be as per priority. The complete objectives of risk management are to ensure that the organization only takes the challenges that will assist it to accomplish its main goal at the same time keeping all other challenges under so much control.

Because of upcoming attention on risk, risk management work that have opened up. Management of risk are normally considered as finance-based careers since most of the challenges that organizations are facing closely tied to the organization’s finance-based standing (Hillson & Murray-Webster, 2017).

**Risk analysis**

The analysis of risk is a procedure that assist people in recognizing as well as managing potential issues that can further undermine key business work or projects. Therefore, to carry the risk analysis, one must recognize the possible kind of threats that face and then settle the chances that these threats that can be materialized well (McNeil et al, 2015).

Analysis of risk can be complicated, as one need to design on detailed data such as project plans, financial information, marketing forecasting as well as other important data. But it is an important planning technique as well as one that can save time, reputation as well as money.

Analysis of risk is crucial in many cases: -

* At the time of planning different projects, to assist that one forecast as well as neutralize all possible issues.
* At the time determining whether or not toward the projects.
* At the time of improving the overall safety as well as management of potential challenges in the work environment (Olson & Wu, 2015).
* At the time preparing for events like tools or technology fail, sickness of staff, or so many natural calamities.
* At the time of planning for transformations in the time, where new kind of competitors coming into the market or transformation to government policies.

In order to carry risk analysis, following are the steps: -

* Recognizing threats: the initial step in risk analysis is to recognize the present as well as possible form of threats that can be faced. Such things can come from so many diverse sources. One can utilise a number of so many sources. One can utilise a number of so many principles to carry a detailed analysis: -
  + While running via list like as the one discussed above to see when any of such threats are crucial.
  + It is important to think about the structure, procedures or structure that you utilise and analysing risks to any part of the world.
* Estimated risk: at the time of recognizing the threats that we are facing, you require to measure the likelihood of such threats being realized and the possible influence. One method of performing this is to make ideal estimated of the possibility of event happening and then to multiply such by the overall amount that can be costed to established things if it occurs (Pelegrín et al, 2017).
  + Risk value=probability of event \* cost of event

**Risk treatment**

In the simple word, risk treatment consists of a procedure to change a risk by modifying the consequences that can happen or the overall likelihood. The procedure needs creative consideration of chances as well as illustrated design, both inputs being important to find and choose the best kind of risk treatment (Qazi et al, 2016). Once executed, risk treatment will develop new form of control or change the current control.

Risk treatment happens in two important contexts:

* In the current proactive consequences, where a company has successfully implemented risk management into a structure of management, risk treatment is important to and efficiently indistinguishable from so many decision-making. This is why, a decision is formed the risk developed by decision that will be part of company’s risk category (Sadgrove, 2016).
* In a reactive situation, the companies are work in retrospective manner at the risk developed by decisions taken and executed lastly and so any kind of treatment of risk to find important so it will be remedial.

**Recognition of choices**

To recognize and test the challenges, the very next step consists of the recognizing of options with right actions in order to manage such challenges, the test and assessing of outcomes or influence and the specify and execute of treatment-based plans.

Therefore, recognizing the risks may have changing influence on the company, not all challenges carry the overall prospect of any kind of damage (Sadgrove, 2016).

**Developing the action plan**

Treatment based plans are crucial to define to mention on how the selected choices will be executed. The overall treatment plan must be comprehensive and must provide all important data about:

* Proposed steps along with priorities
* Resource need or requirements
* Roles and accountabilities of all parties consist in the current proposed steps.
* Performance based measures
* Report and monitor needs

Action plans must be aligned with the right kind of values and opinions of all kind of shareholders. The better kind of plans are communicated to the many shareholders, the ideal it will to get the approval of the current proposed plans as well as a level of commitment to the execution (Sadgrove, 2016).

**Approval of action plan**

As all the important management procedure, starting of the approval is not important to make sure the efficient execution of the procedure. Top management help is crucial via the whole life-cycle of the procedure. For the factors, it is the accountability of the risk management procedure to keep the company’s executive management constantly and rightly informed and upgraded (Teixeira et al, 2015).

**Execution of the action plan**

The risk management plan must explain how risk management is to be conduct all over the company. It should be progressed in a method that will make sure that the risk management can be embedded in all company’s crucial practices and business procedure so that it will be important and effective (Teixeira et al, 2015).

**Recognition of residual challenges or risks**

Residual kind of risk that stay after the risk management choices that have been recognizing and action plan have been executed.

# **Conclusion**

Risk management are present in all spheres of organization internally as well as externally. One can work for the organization as an internal risk executive or one can be part of any risk management company who give risk management services to organizations who have any in-house risk executives. Some organizations pay high rewards, mainly since a risk-based professional play an important role in a company (Teixeira et al, 2015). They are given rewards highly in financial world. But the work can also be highly challenging mainly when there is any kind of turbulent risk elements that impact the company. At the same time, the risk management stage is presently the one of the most highly respected places in companies. Risk analysis is actually proven method of recognizing as well as evaluating elements that can negatively impact the overall success of the business.

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