

# RISK MANAGEMENT AS CHALLENGE TO TODAY'S ENTERPRISES

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Risk and its management are becoming increasingly important issues in modern theory and practice of managing organizations. It is propounded that organizations, regardless of the type or size of activity they carry out, take into account the impact of risk in their decisions and processes. Managerial approach to risk is aimed at reducing the extent to which risk impacts the functioning of an organization, allowing it to take optimal decisions. At the same time, changes occurring in the environment increase manifold the risk that organizations are forced to take. Inadequacy of the existing, traditional approaches to risk management, which often do not correspond to the dynamics of the changes in the environment in which today's organizations function, makes it necessary to look for new, innovative managerial solutions. This has led to the emergence of the paradigm of *enterprise risk management* (ERM). Enterprise risk management is a broad and complex concept that reaches into every major area of an organization. As such, it is not surprising that many definitions of ERM have been offered. These definitions fall into three categories. A strategic definition focuses on results, as ERM is expressed in terms of organizational objectives. A functional definition describes ERM in terms of activities that reduce risk. A process definition focuses on actions undertaken by managers to manage risk (Hampton, 2009, p. 18).

According to S. Labarge, ERM is an important business trend aimed at ensuring an organized and disciplined approach of an organization to the evaluation and management of risks it encounters (Labarge, 2003). A properly implemented and followed system of risk management should above all create and protect value, i.e. supports the achievement of objectives and increase an organization's effectiveness (Gorzeń-Mitka, 2008, p. 395-402).

Nowadays, we are seeing a significant increase in the interest in risk management, and organizations more and more often declare that they have introduced or have a form of risk management in place. However, the causes for this state of affairs are not completely clear. Is this a result of civilization development and emergence of new, complex, previously unknown risks (e.g. financial risks)? Or rather a search for practical and effective managerial solutions to help organizations to function in a turbulent environment? Undoubtedly, today's organizations face the necessity of dealing with a growing number of various risk factors-generators: disasters, sudden bankruptcies of key participants of supply chain, loss of reputation, highly innovative products/technologies entering the market or risk resulting from introducing new legal regulations. Thus, U. Beck's statement that the 21st century can be described as the century of risk seems right (Beck, 2009).

The research conducted so far shows that formal factors (e.g. legal requirements – banking sector, public finances sector) or the tendencies observed on the market (effect of imitation), and not a company's conviction about their effectiveness, are often indicated as the main motives for undertaking activity in this area. At the same time, however, the competition on global markets forces organizations to look for new sources of competitive edge and to undertake activities in areas they previously thought to be risky.

Despite scepticism of some researchers as to the empirical evidence of ERM's impact on creating added values in an enterprise (McShane, Nair, Rustambekov, 2011), most publications covering academic discussions and analysis of the activities of economic practitioners, highlight that risk management has become a critical element of creating value in an organization, allowing its stakeholders to increase stability, predictability and safety of the activities undertaken.

However, it seems that the development of modern management without risk sensitivity is not possible. Just the opposite - only include the risks and its effects (opportunities and threats) makes it possible to find the right management systems and build strategy.

I hope that the discussion above will encourage you to take the risk of getting acquainted with the latest studies of the issues of management of modern organizations and that you will find "added value" in them for yourselves.

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