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Review article

FUTURE OPPORTUNITIES AND RISK MANAGEMENT

Naveen Malik, Naeem Akhtar, Hardeep Rohilla, Rahul, Pankaj Sharma

Dronacharya College of Engineering, Khentawas,
Farukhnagar, Gurgaon, India

Abstract
The inevitable public unease in the wake of large infrastructure failure prompts questions regarding how to properly define and manage the risks of various engineered activities to socially acceptable levels. A changing climate may add additional vulnerability to infrastructure and thus should be considered in risk management strategies. Current implementations of risk management processes differ across agencies, but often rely on a concept of Tolerable Risk. The Tolerable Risk is a numerical value for the boundary in a continuum of management alternatives below which risk is tolerated to secure societal benefits, though engineering interventions may be still be necessary and proper to achieve higher degrees of protection.

Introduction

The global economy is today becoming very challenging with both opportunities and risks continuously and constantly changing (Lamble & Morris 2001). This has prompted the urgency and need to be able to identify, assess, manage and monitor the opportunities and risks for many organizations. There is therefore the need for the organizations to come up with clear practical ways to be able to link both the opportunities that the organizations have and the potential risks that come on the way of doing business (Conley 2002).

This involves risk management which involves an integrated framework where several techniques, internal controls and processes are brought together.an enterprise risk management which work in a strategy setting is one of these risk management process that ought to be used. This is because of the practical steps that are involved in implementing it.

During the planning phase of the risk management and mitigation plan, a risk plan must be documented especially in the very initial stages of the plan. This is because the planning phase is undertaken before the execution. This is to help make sure that any

For Correspondence:
malik2008ATgmail.com
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possible risks are identified on time and addressed before the execution stage of the plan is in itself performed. A monitoring and control of the risk likelihood and impacts of the risks that the project is engaged immediately after the plan has been documented (Conley 2002). After the execution of the plan has been completed, the risk management process is immediately terminated. This is just before the project is closed.

1) Fundamentals of Risk Management

For risk management process to be effectively and efficiently managed there is need for the management to bring together all the players in the process who include directors of the organization, management among other players to come up with the potentials events that are seen an key in the running of the business, manage these risks with their risk appetite in the premises of achieving the achievement of the business objectives.

Some of the key pillars that form the risk management process include:

- The risk process that flow through an entity
- People to effect the process at all the business levels
- Strategy-setting applied
- Entity-level view of the risks at hand
- Potential events that would affect the entity within the risk appetite
- Management assurance on plans to mitigate these risks.

The risk management process is therefore able to have a continuous improvement of organizational risk management capacities in order to improve the operations of the business.

2) Implementation of Risk Management Processes

The overriding objectives of the risk management process is to have an assurance that the objectives of the organization or any business entity are achieved and that risks that come on the way of achieving these business (Conley 2002). The process is aimed at helping the business achieve is to objectives by being identify, manage the business risks, provide an integrated responses that address the multiple risks and being able to seize the opportunities (Lamble & Morris 2001). Some of the key fundamental reasons to the risk management process in place in any organization:

- To be able to reduce the unacceptable variability in business by being able to evaluate the likelihood of the risks occurring and the possible impacts that these risks have on the enterprises.
- To be able to integrate and align the views that vary in the risk management by coming up with structures and frameworks that manages risks. The is also the need to link the risk management and management activities like business planning that are critical and be able to increase the transparency through improvement of qualitative and quantitative risk management performance
- Be able to build and maintain good investment environment for both stakeholders and the investment community as they are important for risk management process
- Enhancement of good governance that need to the linked to the risk management process. The risk management process as is ought to should be able strengthen, assess, oversees and classify risk management in order to respond to these risks exhaustively
- Be able to respond successfully to all the risks and changes in the continuously changing business environment (Lamble & Morris 2001). One must therefore be better in identifying, planning and prioritizing the risks. The process must also be able to evaluate all the risk assumptions, and the effective

management strategies that are found in the various business model
- To be able to the ever changing business and corporate strategy and culture. Through the process of risk management, risk awareness alongside having a culture that is open and positive to the risk and risk management

Risk management has been found out to be the best way of mitigating risks and trying to minimize the impacts of such risks in the event that the risks occur. One should therefore be conversant with the risk and risk management issues and other preventative measures that help prevent injuries that would occur (Conley 2002). One should for instance understand what risk all about, the categories of risk that is particular the to the specific type of projects, the importance of risk management and its management plan, the chances of risks occurring, the need to manage risk, the importance of managing risk in order in to keep the safety of the people and property. The timing of risk management is also paramount. The simple four steps that ought to be undertaken during risk management procedure include.

3) Steps for Implementing a Risk Management Process

There exist several steps that any organization can follow in order to implement any risk management process effectively and systematically. These include the following processes that have to be followed systematically.

- Adopting a risk language that is common to all the players in the organization
- Conducting a risk assessment process in order to identify the risks and prioritize them accordingly (Lamble & Morris 2001).
- Performing the gap analysis to know the present and the desired future capabilities that arise from the risks that the organization faces and be able to manage them depending on their critical nature
- Articulating the risk management objectives, goals, visions whole putting into effect the value propositions to provide economic justification
- Advancing the organizational risk management capabilities with the aim of executing the business strategy successfully (Conley 2002).

The process of implementing the risk management would also involves having the management of the organization being able to put into consideration the strategy-setting while putting into consideration the priority risks. This is done in-line with the organization's size, objectives, culture, and management style and risk profile. The following risk process need to be considered while implementing the risk management process:

- One should be able to identify with clear understanding the organization's risk profile
- Be able to define the current framework of the organization' capabilities on risk management
- Know the desired future framework and state of the organizations risk management capabilities
- Know the size of the gap between the current state of the organization's risk profile and the future expected position of the organization in as far as risk management is concern
- Address the risk gap that has been identified in the organization and give the economic justification of improving the risk management infrastructure
- Have the necessary oversight and facilitation in order to integrate and coordinate the overall risk management efforts

4) Steps of Risk Management and Mitigation Plan

1. Spotting the hazards also known as risk identification- This involves walking around the event site and identifying the things that would pose some danger to the volunteers working on the project

2. Risk quantification/Assessment of risks- This involves identification of the probability of risk happening and the knowing the potential effects or impacts of the risks in the event that the risk eventuate to the volunteers working on the project.

3. Fixing the risk problem- There are several activities that would be undertaken in order to either eliminate, substitute or isolate the hazard (Lamble & Morris 2001). It also

involves adaption of the equipment, performing some controls that that are administrative in nature or the protective equipment that is personal (Conley 2002).

4. Result evaluation- The step ensures that the problem is actually fixed as it. This involves gradual evaluation of the results of risk management plan. This is carried out through the use of the risk assessment template that is extra. This also enlightens the importance of having the host being the overall manager and overseer of the events hence supposed to make that know all the risks that the project is prone.

5) Risk Management Oversight Structure

In the risk mitigating process, there is need for an oversight structure that spells out clearly the guidelines and procedures to be followed in the effective functioning of the structure. Some of the mitigating plans that need to be implemented.

- The structure should be able to provide direction on the resource allocation in the risk management activities
- An organization's risk appetite is developed and reaffirmed in conjunction with the management oversight activities
- Developing an appropriate risk management infrastructure for the company. The infrastructure should include but not limited to the metrics, the risk management policies, monitoring and risk reporting.
- Make sure that there is a timely designation of the risk owners appropriately
- Staffing and having sufficient resources is the or mitigating factor that should be considered in order to improve the desired behaviors through retention, hiring and training practices that have intentions that are well intended
- Make sure that have the managers and workers in the organization are actively involved in the implementation of the risk management process.
- The other important and specific roles and responsibilities that concerns the processes of risk taking and the risk monitoring procedures
- Be able to have communications and assurance plans in place that are both capably executable and coherent.

For these mitigating actions and plans to be fully and exhaustively implemented, there are recommended organizational structures that have been deemed to effectively monitor and give good mitigating actions in risk management. These specific recommended structures among many other things make sure that there is continuous improvement of organizations capabilities to manage its priority risks and allocation of resources to the risk management process (Conley 2002). With the establishment of other organizational models that have additional techniques that are aimed at improving the process of risk management through provision of additional approaches with better benefits.

The new oversight structures have the following as the key differentiators from the other traditional risk management approaches:

- It clearly states the authority in charge of identifying and assessing risks that are then responded to accordingly
- Indicates whether the process of identifying and qualifying risks is centrally or at lower levels of the management
- It also show whether the all the various units and levels of the organization are involved in the risk management process or just a few have been designated the task.
- With all these considerations considered, it found out that the complexity of the enterprises risk management and its size is expanded.
- A priority order for every risk identified should include the list below which is in itself not limited to:
- The preventive actions that help minimize the likelihood of risk occurring
- The contingent actions that are meant to reduce the impacts of the risks in the event that the risks occur.

A resource, time and date must be identified for every risk action that has been identified. The resources used for undertaking the resource must also be sufficient and the time allocation and date should also be appropriate. The table below shows an example of how these resources and time is allocated (Conley 2002).

For very risk identified, the above table must be completed with those risks that have higher priority risks being assigned more actions than those risks that have less priority since they are less risky to the continuation of the projection. The actions that are assigned to the higher priority risks must also be comprehensive as much as possible (Lamble & Morris 2001).

The priority of each risk must be identified and its likelihood must also be established. Its impacts on the project must also be evaluated for those risks that eventuate. The priority score is then calculated as shown in the table below once the scores on the likelihood and impact are identified and quantified.

6) Building Capabilities

Once the foundations and objectives of the organization have been established and all the risk management infrastructure elements have been achieved, its advancement on the process of expanding its priority risk is then put into considerations. This possible through having the following three steps serving as the critical aspects of risk management expansion in its capabilities

Assessment and development of responses is the first that is considered. When this made sure that it's in place, factors like risk management process, planning a process of responding to priority risks and risk policy development among other key things (Conley 2002). The second is designing and implementation of all the risk management capabilities that have been set to be achieved.

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