Risk management functions in healthcare organisation

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The main purpose of this report is to examine and discuss the role of risk management function within an organization and assess the policies and procedures against strategic and operational healthcare business functions.

INTRODUCTION

In a corporate world there is a need to maintain the continuous assurance of success and achieving the desired goals of the company. As businesses start to develop and grow, it has become essential for these companies to identify risks that might hinder their growth and possibly decrease profit. This has made the introduction of risk management very imperative in the organization.

To prevent financial crises, an enterprise must have strong footing on the theory of risk management, beginning with anticipating or finding possible risks, discovery of ways to reduce them and to implementation of guidelines to diminish these threats and to increase the development of the enterprise.

This paper offers a balance of essential information and indicators on how the management of risk in a financial institution takes place, its benefits and components.

ROLES OF RISK MANAGMENT FUNCTIONS IN AN ORGANISATION

Examine and discuss the purpose of risk management within an enterprise.

Risk management has been defined by ISO 31000 (2009) as principles and guidelines. It provides principles, framework and a process for managing risk. In a financial institution it can be used in risk planning, risk assessment, risk handling and risk monitoring. Once a risk have been identified, a detailed description of this risk should be taken into account; from likelihood of occurrence, its impact as well as taking into consideration the cost, scope frequency and other factors that might contribute to that risk.

Within that framework of thought onto the concise analysis of the risk identified, a response plan should or will be developed. This part may take up a lot of time and be given a longer time frame within the process for these may undergo trial milestones or surveys. As these trial plans on reducing risks are taking place, it is the responsibility of the enterprise to initiate an immediate response plan before a concrete procedure or plan has been developed to reduction or risks. Relevant communication between all parties involved should be implemented and consultation with the assigned departments should hasten this process.

Implementation of procedures on risk management then follows with the continual reassessment or monitoring of the effects or outcome of the procedures to the expected drop of risk on the enterprise. A framework on the implementation and review on the procedures should be properly documented as to gauge the effectiveness of the plan being instigated.

It is vital that risk management will always be a continuous process in an evolving and developing financial institution.

Examine and discuss the benefits of risk management within an enterprise

As business institutions develop and grown, inevitable risk unceasingly evolves and this makes enterprises agree on the benefits of the continual process on managing these risks.

This makes it beneficial for the development of a culture of the company and the education of the members of different departments affected by the risks involved. Cultural development evolves for the better as monitoring of the best possible way to diminish risk and with the end benefit of increasing profit always takes place. Board members of the enterprise create programmes for the betterment of the employees and for the survival of their company. Information dissemination also takes place as individuals in the company are being educated on the solvency plans undertaking in minimizing risks. This also pushes financial institution to their regulatory developments.

On the same note, accurate bookkeeping of investments, risks, uncertainties and management decisions are made with the help of the process of risk management. This makes it easier for future references on the recurrence of another or similar risks evolvements. With the precise documentation at hand for reference, minimal cost could be implemented for potential risks and there is a rise in confidence in how the enterprise would manage as contingency plans are already being regulated and suitable analysis of data are already considered by the management. This could ultimately promote good governance within the company.

In addition, the achievement of the main goal of any business institution is the control on the financial risk or the implementation on the minimal costs of the enterprise. As an effect, this ultimately increases the company's ability to increase incentives and in return employees provide their best efforts making which as well makes not only the employers but also the consumers confident and happy in their purchase.

Reviewing of Activities and Internal Environment

In the process of managing risk the main and primary goal is reviewing or to decipher the movements and internal environment that affects the risk. As corporations tend to grow big a lot of factors tend to taken into consideration.

In the internal environment, risks can happen in a lot of areas including in the management of human resource and proper communication within the employees and within the different departments. It is quite difficult to handle a company especially with different backgrounds and settling of varied cultures.

This also does not limit to such and includes with the development of technology and research. This has become extremely important with the fast developments of technology in the last years and the continuous improvement of our gadgets and machinery.

Another would be with regards to the health, environment and safety of every individual contributing to the advancement of the financial institution. This essentially becomes the primary contribution of the working power that a company holds and eventually assures the continuous production and process of the enterprise.

Setting Objectives

Evidently it has become widely known that setting objectives by most companies are through guidance of the principle that it must be specific, measurable, achievable, realistic and time bounded.

Specific objectives are focused on the particular risk that is being currently examined wherein a detailed description of the risk that hinders the growth of the company is taking place. Having a definite objective guides the enterprise on knowing whether the goal has been achieved. A vague description of one’s objective automatically hinders the company to the continuous process on managing the risk.

Measurable objectives give economic reasons of the financial institution for it to continue on the management of their risks. This ultimately sets and gauges if the objectives that have been set are accomplished or there is still a need for improvement.

Achievable goals are being set, in which right from the start; the company has already taken into consideration its competencies and its marketing capabilities to the assurance that the objectives being set will be accomplished.

Realistic objectives mean that a proper assessment and evaluation has been made within the firm its ability from resources management, competitors, market value and employee before setting a time frame.

Time bounded goals keep the company in the right tract and to continually pressure the organization to meet the set time frame.

Event Identification

Event identification of risk is considered still to be a continual process on building the framework needed for management of risks. Implementation of controls is necessary to help alleviate risks that have already been identified as decreasing the reoccurrence of risks. This as well creates a venue for having the company being able monitor risks and build up parameters for these risks to be properly monitored. This clearly shows that event identification goes together with proper governance of managing risks especially associated with the objectives specifically set by the enterprise. For it to properly identify the event, it must eventually be flexible framework in which has been appropriately interrelated with the objectives.

Risk assessment with particular reference to the impact and likelihood of risk

The assessment of risk can be associated with their severe, significant, moderate, minor or minimal on the scale of every enterprise. A severe risk assessment would mean have great impact on its ability to meet its desired objective, but this may however reduce one or more of its objectives not to be achieved. In a significant assessment, although there is a significant effect on the outcomes set on the goals; there would be some goals that will be below what it is desired. Moderate assessment has adequate impact on the objectives but may cause some outcomes to be just in the acceptable level. Minor assessments have less influence on the objective causing outcomes to be below the acceptablelevel. Minimal assessments have little or no influence at all on the set objectives of the financial institution on the management of their risks.

Risk Response Plan

Risk response plan guides in analysing and identifying the risks and integration to planned objectives using the smart principles for main goal in mind for the increase in profit of the company.

In the risk response plan, there must be proper integration of the knowledge within the objective. Proper integration with the objectives definitely requires the appropriate allocation of the resources at hand and careful planning including the review of previous similar risks. The scope must also be correct in definition wherein its control and quality are defined adequately. Time allocation is very important as well, for this may guarantee increase of risks; example would be the early distribution of some competitive products in the market. This happens when there is the exact estimation of time and the availability of the resources at hand. Cost effectiveness is vital as part of the risk response plan in which errors are being estimated, any changes in the contingency plan are calculated, as well as maintaining and acquisition of goods. Assuring the quality of the developed plan to control risk is essential. A standardization of the equipment, how it is being processed and the uniqueness of the product is critically established.

A leadership plan along with the objective becomes extremely necessary, because it all springs from proper leadership skills, with the definition of the responsibilities of each individual included in the plan. This also decreases any conflict arising within the management and increases productivity and organization of the set planned objectives in minimizing risks. Along with this, sets par with excellent communication between the team. This paves the way for the contribution of ideas from different departments and consultation from stakeholders. While developing the risk plan, unforeseeable conditions must also be taken into consideration and be part of the margin of error.

Control Activities

In an organization control activities are usually planned by the upper management headed by the chief executives. Controls given to the process level or on how the management is being governed and how the risk assessment plan is implemented are considered to be entity-wide controls. For the effectiveness of the plan identified by the management, control policies are being developed. Soft control are done with the “ people” of the organization, which means knowing what really is the situation and eventually promotes open communication, shared values and their commitment with competitiveness. Hard Controls are instigated on the activities planned by the higher management. This could mean strict implementation of the policies, proper review of and inspection of the process and the appropriate structure of the organization.

Information and Communication

In forming a corporate strategy it is imperative that there is a continuous learning process and proper relay of information within the management and stakeholders. It starts with setting context of the risk involved with the suitable plan involved. It is now through proper dissemination that desired results will be achieved by the financial institution. There must be a constant interaction and dialogue between the stakeholders of the company. It is also the responsibility of the organization to uphold trainings and seminars to keep the employees abreast with the current trend and the plans of the company.

Monitoring

Kim Heldman (2005) defines monitoring as an activity that collects information, documents each findings and reporting them to the management. This is the phase wherein there is a continuous check of how the risk has been solved or managed and if there is a need for contingency plan to be differed and be reassessed again. Constant monitoring of the guidelines and limits ensures compliance within the organization. Proper consolidation of reports should be made to be reported by the upper management and keep as reference for foreseeable risks as well as unforeseeable.

CONCLUSION

Therefore, I believe although some financial institutions make not take risk management seriously but the benefits greatly outweigh any financial risks that the company might experience in the future. Financial institutions should ground themselves with the process of risk management. From creating organizational objectives with the smart principle, implementation of these strategies and to assessing the outcome of the plan made for the risks to be minimized. It should also bear in mind that continuous learning and communication within the organization is vital for the enhancement of the institution.

Risk management is a process that involves assessment, evaluation, managing and measuring of risks involved in an enterprise. Through risk management the implementation of standardization have been developed in business institutions in our society.

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