

# Risk management

Literature, Russian Literature



Risk Management Risk Management Risk assessment is important because it provides organizations with a clear view of the risks posed by current and future processes, investments, or operations. Risk assessment is part of management since risk plays an important role in decision-making. Without risk assessment, businesses stand to lose money and assets through poor decision-making, poor investment choices, and poor understanding of their industries (Hussain, Hussain, Dillon & Chang, 2014). In recent times, some scholars have classified risk assessment as a source of competitive advantage. This is because organizations that perform risk assessment effectively operate more efficiently and have a better understanding of their industries.

Risk assessment is used in determining the type and level of risks involved in business operations and processes. It is also used to determine the degree of risk that can be incurred without negative ramifications (Tarsus, 2014).

Businesses use internal or external risk management professionals to determine the risks involved in different organizational plans and how they can be managed. Before carrying out risk assessment, specific processes must be initiated to facilitate the whole exercise from start to finish. These include pre-planning, which involves setting the scope and breadth of the exercise, selecting individuals to carry out the exercise and budgeting (Moss, 2014).

There is no set time for carrying out risk assessment. It can always be scheduled depending on an organization's needs and activities. Some organizations like to plan them to coincide with other assessments while others prefer to conduct them exclusively (Aven, Baraldi, Zio, & Flage, 2014).

Risk assessment is also done when projects are being commissioned, and the organization needs to understand what it is up against in terms of possible losses and difficulties.

#### References

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