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Challenges in the Risk Management System for Developing a Successful Business Environment

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Abstract

The managing the risk is becoming a key practice in most of the organization. The problems that are consistently arises concern this approach. To develop competitive advantage in their respective business and to handle the issues in a better way every company is developed the policies of risk management. Every business is all about taking the risk. For an organization risk poor management can cause the adverse losses. Minimizing the risk and set the risk on to a level that can accept is the main objective on any risk management policy or program.

Keywords: risk management, minimizing risk, business, policy, acceptable level.

Desafíos en el sistema de gestión de riesgos para desarrollar un entorno empresarial exitoso

Resumen

La gestión del riesgo se está convirtiendo en una práctica clave en la mayoría de la organización. Los problemas que surgen constantemente se refieren a este enfoque. Para desarrollar una ventaja competitiva en sus respectivos negocios y manejar los problemas de una mejor manera, cada compañía desarrolla las políticas de gestión de riesgos. Cada negocio se trata de correr el riesgo. Para una organización, el riesgo de una mala gestión puede causar pérdidas adversas. Minimizar el riesgo y establecer el riesgo en un nivel que pueda aceptar es el objetivo principal de cualquier política o programa de gestión de riesgos.

Palabras clave: gestión de riesgos, minimización de riesgos, negocios, políticas, nivel aceptable.

Introduction

In the finance sector by numerous financial institutions the Risk management is practiced as a professional discipline. In financial institutions the prime objective of risk management is to improve the nature of their foundations' basic leadership at different degrees of their associations with an eye set at expanding investor value. Tied in with taking care of the business' risk exposure is consider as risk management, recognizing and dealing with all exercises and practices that open the organization to risk. This infers the firm, in the execution of the risk management practices and techniques, will recognize the wellsprings of the risk and locate the best methods for alleviating those risk. This procedure isn't constantly smooth and has prompted the acknowledgment that risk management doesn't ensure that the association won't bring about losses.



Figure 1: Risk Management

Risk Management challenges

Patterns crosswise over geopolitics, economics, and demographics, notwithstanding quick innovative advancement, consolidate to make new challenges for associations around the globe. These challenges present numerous chances. In any case, these shifts likewise convey numerous new chances, which should be overseen. Normal Risk Management worries to be:

1. Unstructured and Non-Formal Approach: Most of the Organizations have no proper procedure and organized way to deal with recognized related Risk explicit to nature or to the innovation, which can result into a Risk assessment which isn't far reaching enough to ensure the benefit.

2. Modelling and Improving Risk: Risk Assessment strategy should be custom fitted in a manner appropriate to the association with the goal that the exercises can be completed in a smooth manner. Be that as it may, this represents a test as the stages associated with Risk Assessment should be painstakingly altered for their possibility and care must be made with regards to the last strides distinguished are the required advances and basic advances have not been passed up a major opportunity and steps have been requested in right arrangement.

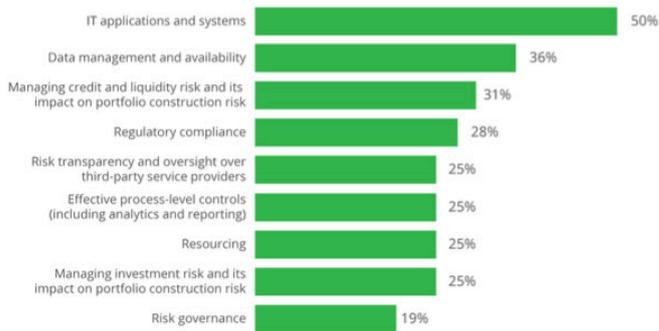


Figure 2: Global risk management

3. One time Activity: Organization may regard the Risk Assessment as one time movement or undertaking which required for some consistence, where there is procedure of doing Risk Assessment for progressing reason for tending to the dynamic Threat situations and Risk presented by head-way is innovation or change in procedures.

4. Complex: Few associations pursue mind boggling and repetitive techniques for Risk Assessment that lead to postpone in Risk Identification to

point where it winds up out of date and never again required and neglects to address the hazard when it really requires the equivalent.

5. Management of Data: The consistency and association of information gathered during an evaluation influences the capacity to translate that information. Along these lines, it is important to deal with the volume and nature of the appraisal information utilizing apparatuses and formats.

6. Reduction of Cost: Cost adds to the real segment of the criteria utilized for determination of the hazard appraisal philosophies. Associations' exacting money related designations may make it hard to pick a predominant technique requiring progressively number of assets and time over a below average strategy. Likewise, since the action is of cyclic nature (every year or semi-yearly), cost contemplations are even more underscored

7. Reporting Improvement: The last report must pass on the perceptions and the moves to be made in a clear way. Absence of lucidity every now and again prompts inability to pursue exhaustive the perceptions and the activities.

8. Risk Metrics Developing: Risk Metrics give an approach to figure the hazard from recognized dangers or vulnerabilities. It is of prime significance that a specific risk or powerlessness is organized dependent on its criticality. A risk or weakness, if wrongly organized, will result in either over controlling or under controlling. Over controlling will bring about abundance cost trouble and under controlling will render the framework increasingly defenseless against the risk.



Figure 3: Challenges of Risk Management

Responsibility for Risk Management

Risk management is the responsibility of the association's administration,

and the focal goal of this procedure points the risks management with the goal that assets to be utilized productively and viably so as to augment benefit and limit dangers, while defending the interests of representatives and clients. In this regard, the management of entity must act in the accompanying ways:

1. Guaranteeing a satisfactory degree of learning and abilities of representatives as per the prerequisites pursued by the usage of the risk management procedure.
2. Setting resilience in limits of exposure and taking risks of confinement of introduction as per it
3. Permanent examination of accomplishments and poor outcomes in hazard the executives and consistent improvement of hazard the executives' procedure.
4. Setting up the meaning of risk that is broadly acknowledged and comprehended over the association and furthermore the kinds of risk.
5. Setting up clear obligations on each progressive level and per worker concerning the usage of risk management.
6. Evaluating current risk and observing potential wellsprings of inside and outer risk.
7. Building up a sufficient data framework for the administration on risk and risk assessment framework.

Top business risks three years from now	Top IT risks three years from now
 Product design/development innovation	 Cyber security risk management, including compliance with critical infrastructure executive order
 Transforming the business model to access emerging sources of demand (JVs, M&A, and alliances)	 Mobile device (smart phones and tablets) security
 Pricing/margin pressures resulting in overhead cost constraints	 Cloud computing risks
 Talent and succession planning	 Sensitive data loss prevention
 Fraud and corruption risks in emerging markets	 Maintenance/viability of complex, disparate, and/or antiquated systems

Table 4: Main Business and IT Risks

Opportunities

1. Collaboration on Key Risk Discussions: Different verticals need to meet up to examine on key choices so the exercises engaged with the Risk Management can continue easily.

2. To Multiple Risks integrated responses: In instances of Risk Assessment crossing different verticals it is judicious to create incorporated reactions to dangers which expect verticals to team up on the relief exercises.
3. Decrease Instances of Negative Surprises: The Risk Assessment procedure should be full grown enough to distinguish the dangers heretofore in order to stay away from any negative amazements to the degree conceivable. Prescient examination must be used to feature the hazard as ahead of schedule as could be expected under the circumstances.
4. With Business Objective Align Investment: Risk Assessment can assist associations with protecting the benefits which really matters for business, Risk Assessment can give the board a top view to take proper venture at suitable time on need based.
5. Consistency in Approaches to Risk Assessment: Consistency must be kept up while directing danger evaluation, particularly in situations where appraisal traverses various verticals. Any irregularity will result trouble in the translation of the information gathered and therefore in the perceptions announced.
6. Beyond Compliance Achieve Security: Risk Assessment can really give the gape crossing over arrangement among consistence and security, there are number of models where consistence was bad enough to shield the associations from rupture. Consistence models give the gauge controls while any extra and explicit Risk should be tended to through appropriate Risk Assessment.



Figure 5: Risk Management Governance

Conclusion

Risk management includes setting up activities to react to chance and to actualize satisfactory inward control gadgets, with which to confine the probability of event or results of risk, in the event that it would emerge. So as to guarantee productivity in accomplishing goals, the procedure must be rational and united, incorporated to targets, exercises and activities did inside the association. The ongoing circumstances request ID of interdependencies and interconnections between risks watched. Activity plan ought to be made remembering such associations with obviously characterized obligations and courses of events. A viable following instrument must be created to track and screen the usage. A fruitful usage ought to decrease the risk presentation to the association.

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