

PMG510

Risk Management

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جامعة الجميع الذكية

تسعى لتكون الكيان الأول الذي يتبنى مبدأ المجتمع التعليمي
التعاوني ويقدم العلم مقابل العمل لتنمية وبناء المجتمعات.

Risk management Standards Lecture 4



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Lecture 3 Summery

1. Origins of Risk Management
2. Representation of Risk Management
3. Enterprise Risk Management
4. Levels of risk management sophistication
5. Principles of risk management
6. Implementing risk management

Lecture 4 Organization

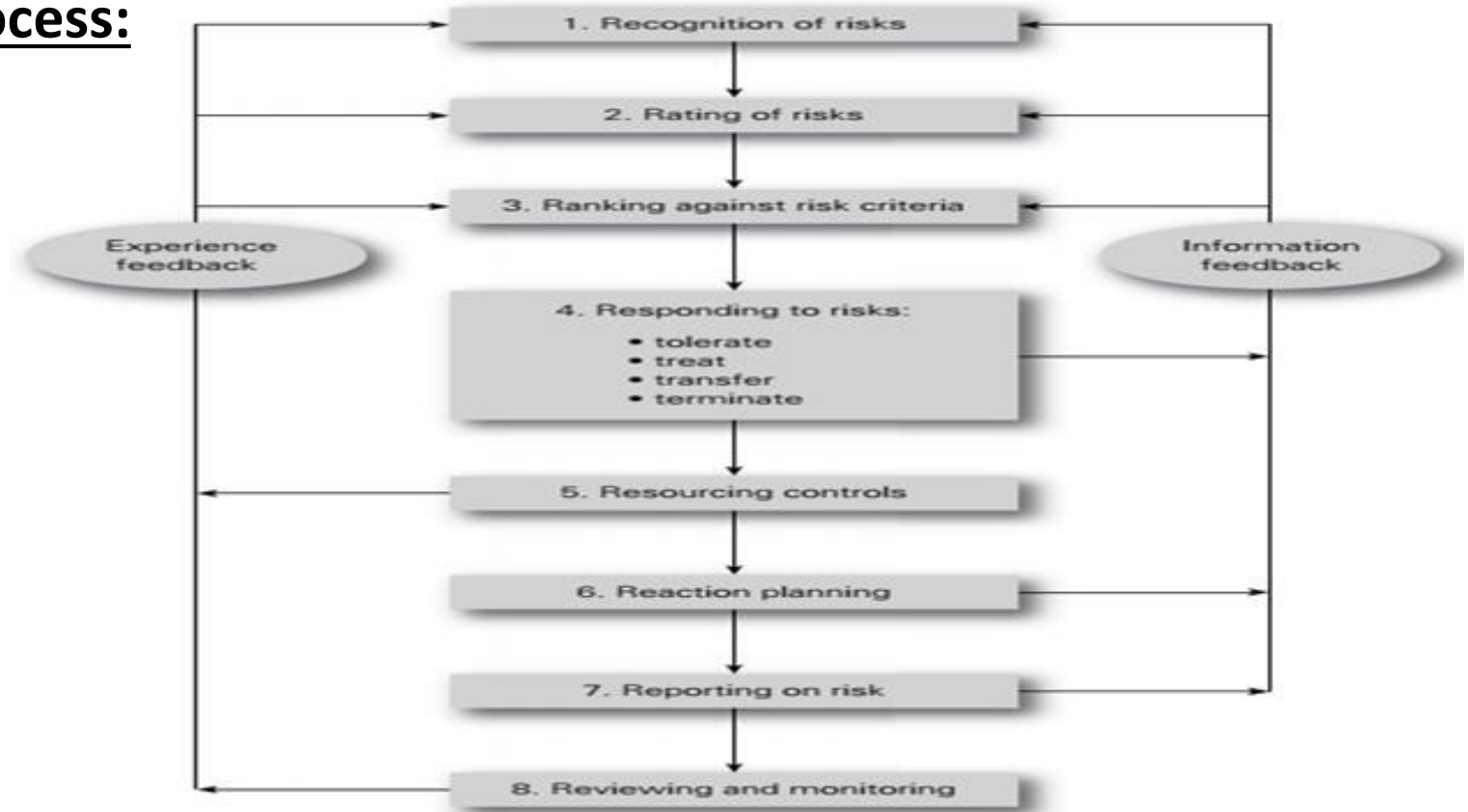
1. Risk management process:
2. Risk management context
3. Components of the RM context
4. Scope of the context
5. Designing a risk register
6. Risk Management Planning



Risk management process:

- A simple representation of the risk management process is provided by the Figure and a similar process is contained in all of the established risk management standards.

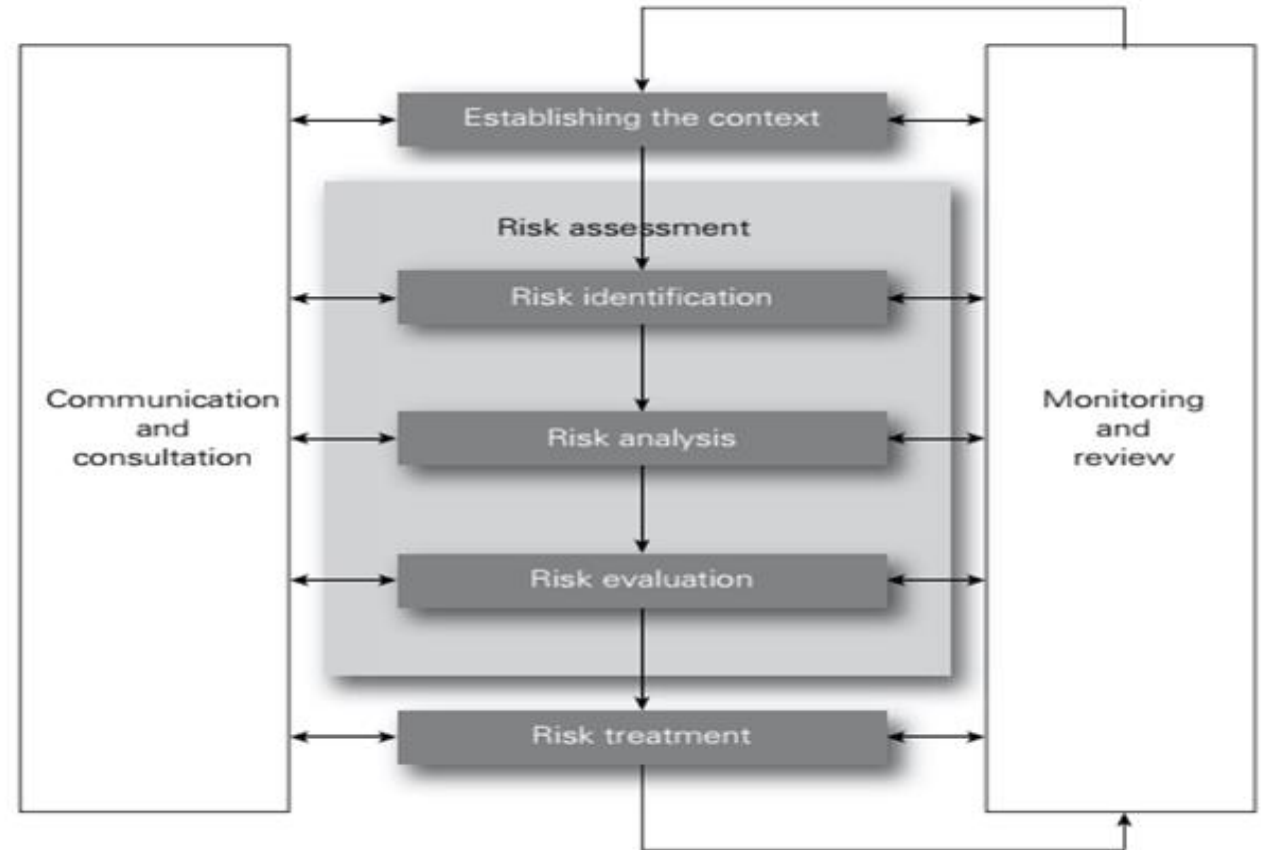
8Rs and 4Ts of (hazard) risk management



Risk management process:

- In ISO 31000 The pervious diagram is reproduced. It could be argued that the new figure contains elements of the risk management framework, as well as the key stages of the risk management process.

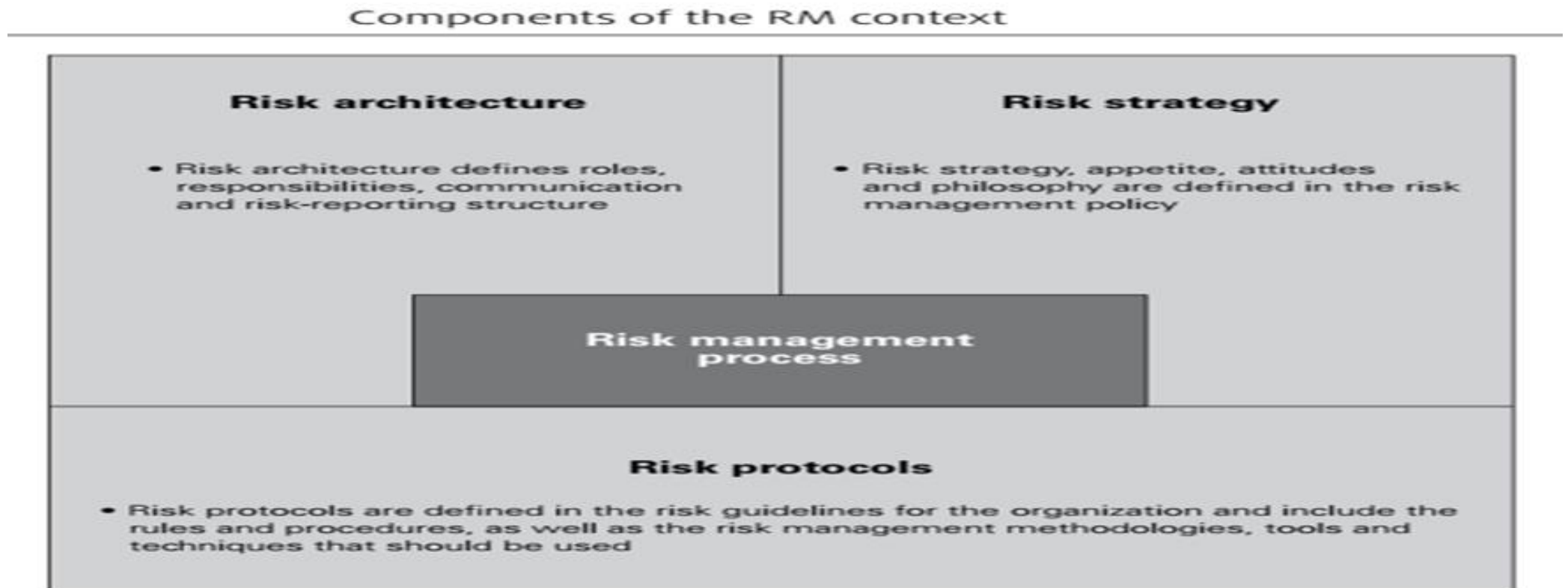
Risk management process from ISO 31000



Risk management context:

- There needs to be a clear understanding of the risk management process, followed by a clear definition of the framework that supports the process.
- Because the risk management framework is a supportive structure.
- it is shown in the next Figure as a series of components built around and supporting the risk management process.

Risk management context:



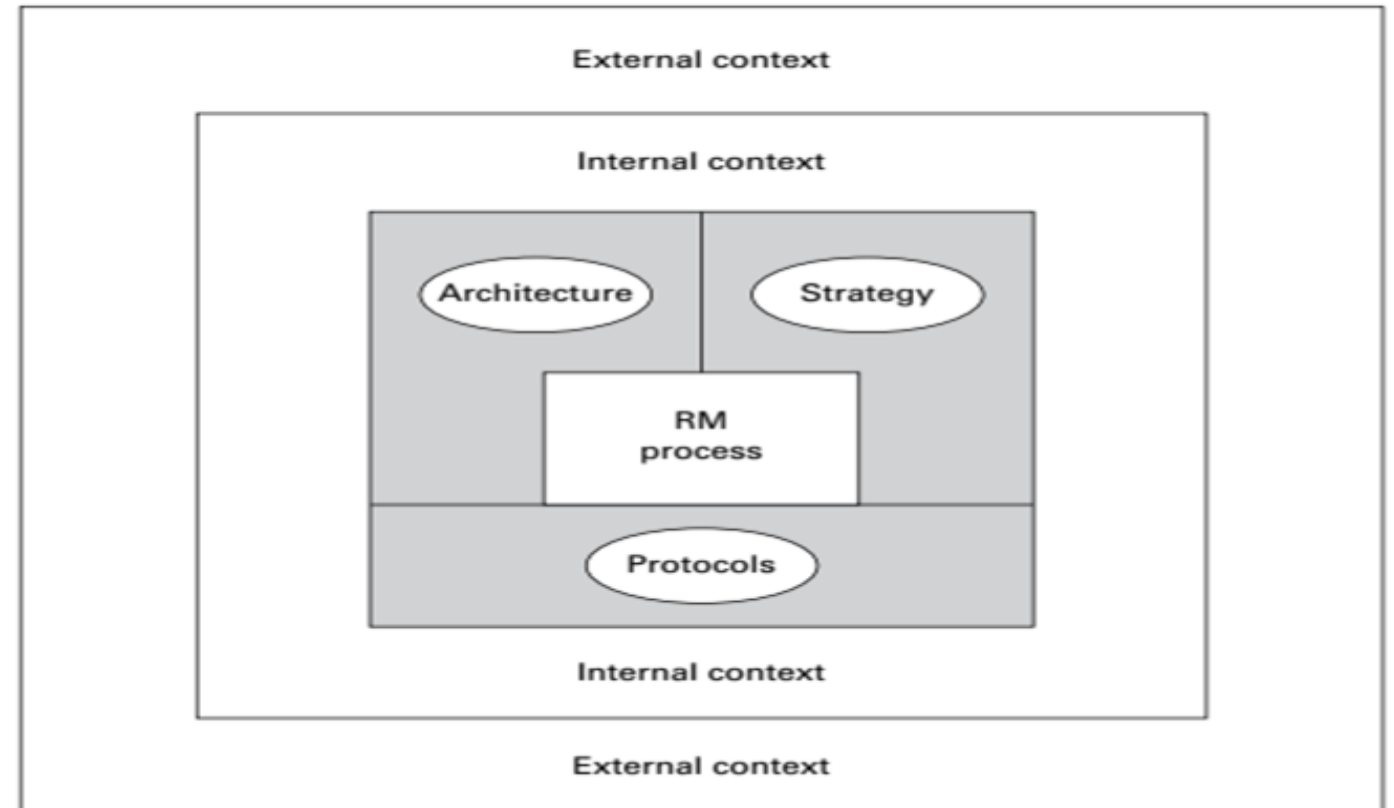
Components of the RM context:

- **Risk architecture:** defines roles, responsibilities, communication and risk-reporting structure.
- **Risk strategy:** Risk strategy, appetite, attitudes and philosophy are defined in the risk management policy
- **Risk protocols:** are defined in the risk guidelines for the organization and include the rules and procedures, as well as the risk management methodologies, tools and techniques that should be used

Scope of the context :

- The components the context are the risk management context, internal context and external context. The relationship between the three contexts is illustrated in the Figure.

Three components of context



The three components of context may be considered as follows:

1- Risk management context:

- Has already been described as the risk architecture, strategy and protocols or the risk management framework within the organization.
- **This framework must fulfil two functions:**
 1. Provide support for the risk management process within the organization;
 2. Ensure that the outputs from the risk management process are communicated to internal and external stakeholders.

The three components of context may be considered as follows:

2- Internal context:

- **Internal context** refers to **the organization itself**, the activities it undertakes, the range of skills and capabilities available within the organization, and how it is structured.
- **Internal stakeholders** and their expectations are part of the internal context.
- Internal context may be considered to be **the strengths and weaknesses** within the organization.

The three components of context may be considered as follows:

2- Internal context:

- **The FIRM risk scorecard offers one mechanism** for evaluating the internal context of an organization, but other approaches may be employed, including a SWOT analysis.
- Many organizations use the **political, economic, social, technological, legal and environmental/ethical (PESTLE)** risk classification system. The PESTLE risk

The three components of context may be considered as follows:

3- External context :

- **External** context is the environment within which the organization exists.
- This environment will include **consideration of the business sector** within which the **organization operates, external stakeholders** and their expectations and the external financial environment.
- This may be considered to be **the opportunities and threats** facing the organization.

Designing a risk register:

- A **risk register** is defined as the ‘**document used for recording risk Management process for identified risks**’.
- The **guide** adds that the purpose of the **risk register** is to **facilitate ownership and management of each risk**.
- The risk register will cover **the significant risks facing** the organization or the project.

Thanks



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