

Risk Project Management project

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Risk Identification and analysis of Financial Risks on Non-Profitable organizations.

Business entities such as service-oriented business organizations serve customers for the realization of profits. On the other hand, non-profitable organizations serve people to benefit mutually; they are not in pursuit of profits or wealth accumulation. They are an indifferent form of size and can vary from formal and informal setups. The organizations experience risks from both internal and external sources. A business and an organization can manage the risks by identifying, assessing, and controlling possible negative effects on the organization's capital and income. A nonprofit organization faces risks such as; Operational risks like unhappy volunteers and staff, whereby some employees may not be happy because of the uncondusive work environment (Bali & Uslu, 2017). Also, food and catering business entities such as the project are "Digital Food Business" stands high chances of encountering risks within its operations and areas of practice. For example, as mentioned above, Digital exposes risks such as credit risks, equity risks, operational risks, liquidity risks, or legal risks. Digital Food Business is focused on food and catering services thus is also exposed to various financial risks that may expose it to various damages and loses.

Regulatory risks that include trademarks and copyrights are also another risk of violating copyrights with the fear of copying from other organizations (Chen, 2010). Political activities and lobbying restrict non –profit organizations from engaging in government activities—Naiveté and exposures in the social limelight, sexual harassment, lack of authority in contracting. Mismanagement of conflicts of interest is mostly seen in these types of service-oriented business entities. The conflicts may end up making people lose confidence in the organization. The organizations rely on the good nature and will of other people since they depend on other people

for their wellbeing and running their functions. The following scale categorizes the probability of risks that can occur in the Digital Food Business.

	Low	Moderate	High
A Almost Certain	1	0	0
B (Likely)	0	2	0
C (Possible)	0	0	0
D(Unlikely)	0	0	1

Risks	High	Low	Medium
Financial Risks That includes misuse of funds, poor investments, fraud.	Very high likely to occur		
Regulatory risks That includes trademarks			It may occur under special circumstances.

and copyrights, licensing bodies, and other legal requirements.			
Operational risks Insurance of employees, the working conditions.		Occur from time to time but not frequently.	

In this case, the most probable risk to occur is the financial risk in the Digital Business Food Business. The risk is a hindrance to the development of the business which delays progress and revenue collection. There is a high probability of occurrence, and requires proper planning and effective ways of responding. The risks include fraud, bad investments, and poor managing of funds, the organization losing assets and liabilities in tax. Once a business loses its assets, like office equipment, it becomes costly for the management to replace them. Mismanagement of funds results from organizations ending up bankrupt if expenditures are not well managed or funds poorly invested (Bali & Uslu, 2017). Fraud also affects the business when some people or volunteers attempt to misrepresent the organization, leading to hefty losses.

Risks are a major part of the business, especially when they are not monitored regularly. Indicators of risks should be a major component of the organization's discussions and day-to-day activities. Key indicators of risks help the organization to exposures to various risks and prepare themselves early or find ways to mitigate them (Chen, 2010). The indicators include: Early complaints made by customers can be used as an indicator of potential risk in the business. With the feedback given by employees, an organization or a business such as Digital Food Business can detect risks and correct mistakes. Another indicator of risks is the immediate reaction of employees tasked to handle different responsibilities in the organization. The feedback given by employees or reactions helps to detect risks. Other risk indicators are the done turn in the economy, which reflects the future and indicates losses shortly. Regulatory bodies may change, which may affect taxing licensing and other necessities in the organization. Low satisfaction for the staff can be used as another indicator that may cause high staff turnover. The message is written all over by staff, often leaving the organization, and this should properly communicate to those in charge. The breach in IT systems or failures in other systems that run the organizations are indicators of potential risks that the organizations will face if they regularly occur (Bali & Uslu, 2017). The indicators are financial, operational, and also regulatory.

Business entities such as Digital Food Business would consider some tactics to mitigate the risks from occurring. The business can affect internal controls that will ensure accountability, checking balances, practicing bookkeeping, and conducting financial checks regularly (Herman, 2002). The organization should document the regulations. Outline the individuals involved in implementing the controls and regularly review the regulations to ensure the right purpose is carried out well. The one in charge should train staff to be alert on frauds or any unethical businesses practiced by properly implementing the controls. After the controls have been

implemented, supervisors monitor compliance activities and regular training to the staff (Chen, 2010). The organization can respond to risks by developing timelines for the goals that it has set to achieve. By so doing, the organization will not suffer from experiencing delays. A risk inventory performance for any financial activities in the organization is a strategy that responds to the probable risks. Getting support from the funders also helps the manager of risks as they, in one way or another, chip in financially and offer advice that will be helpful. The creation and usage of a risk register is an immediate response that is crucial for any organization.

References

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