Review Article: Risk Management

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Abstract: According to this fact that today’s life continues in which way that uncertainty shadowing on all matters has generally changed the process of making decision. And risk is an integral part of human life and organization. And all decision-making positions are faces with one or a variety of risks. The risk of doing any activity because of the uncertainty of the future has always been one of the most challenging issues in trade issues and its management is proposed in management issues. The aim of the research was to analyze theoretical basis and the results of research that has been done in the field of risk management.

In general, according to the investigation can be concluded that risk management is one of the most important issues in corporate management’s discussion and managers should have paid special attention to it.

Keywords: Risk Management, Lack of Confidence, Motivation.

Introduction

Risk is one of the important factors that affect function of management. Risk refers to the uncertainty in the rate of return on investment. Risks can include various types such as liquidity risk, fraud risk, reputation risk, competitive risk, etc. Risk management is a proactive approach and ongoing process that responds if's. According to the dictionary of management, history of risk management is based on insurance industry. American Management Association in 1930 established its first meeting on insurance. Risk management does not mean risk prevention and elimination (Bahrami & Agahi, 2005). In fact, risk management is a key component of an efficient system management. A systematic method for identifying hazards and assessing risks providing information and making decision, when required, for measures and actions is risk reduction (Sehat & Alavi, 2011). However, according to these definitions risk management can be defined as specific measures taken to reduce the risk of phenomena such as fluctuating prices, accidents, political events, discontinuation of the supply chain of raw materials, economic development. The overall effective risk management is related to the way of exposure of Company to market risks and possible business opportunities related to these risks. It can be defined as an effective tool for responding to all external variables of market, that are beyond the control of company management in order to reduce fluctuations in profitability of company (Babaei & Vazirzanjany, 2006). From tools and features available to managers can be named such as immunization financial by making insurance contracts, management control, transfer of resources and applying techniques for improving profitability by evaluated and defensible decisions. All of these considered as actions to reduce the appearance of unfavorable conditions in the company (Wang, 2003). Today, the application of risk management can be found following a sharp increase in corporate use of derivatives (in order to cover different market risk), use of insurance coverage and company compliance of universal risk management approaches. Moreover with regard to incentives for risk management in the past and appearance of legal requirements for it, there is more willingness to implement risk management (Azar et al, 2007). In fact, this issue has been identified that the accountability of company depends on the ability to take advantage of new opportunities that arise from
changing conditions (Pourzamani and Karimi, 2010). Therefore, this study has analyzed theoretical basis and the results of research that has been done in the field of risk management.

**Results Combination**

*A variety of risk management*

Risk management is assessment and evaluation process of risk and then planning strategies to manage risk. Traditional risk management was focusing on the prevention of the causes of legal and physical risks (e.g., natural disasters or fires, accidents, deaths and lawsuits). Financial risk management, on the other hand, was focusing on risks, which can be used to handle business and financial tools. Intangible risk management was focusing on the risks related to human capital, such as knowledge of risk, risk communication and risk operational processes. Regardless of the type of risk management, all large companies have risk management teams. Companies and small groups are using risk management as unofficial in the absence of formal (Babaei & Vazirzanjany, 2006). In optimal risk management, a priority process has been ordered, which with help of it risks with the most unprofitable and the highest probability of occurrence at first and risks with lower probability and lower loss are addressed in the following. In fact, this process may be very difficult and also often creating a balance between risks that their probability of occurrence is high and their unprofitability is low and risks that their probability of occurrence is low and their unprofitability is high may not be dealt with properly (Babaei & Vazirzanjany, 2006). Intangible risk management introduces a new type of risk, risk that the probability of its occurrence is 100 percent. However, because of the lack of recognition ability in organizations is ignored. For example, knowledge of risk occurs when the knowledge is used with weakness and failure. Risk of relationship, occurs when an ineffective collaboration occurs. Risk of operational process, occurs when fruitless action happens. These risks directly reduce the productivity of knowledge of workers led to drop economically affordable, profitability, service, quality, reputation, brand value and quality of income. The intangible risk management makes creation of direct and instantaneous values in risk management, due to identifying and reducing risks that are declining factor in productivity (Babaei & Vazirzanjany, 2006).

**Goals of risk management**

Goals of risk management are: Survival, keeping costs under certain limits that do not threaten the continuity of the company. Savings, if compatible with other goals, has key influence on the company's success.

**Establishing an acceptable level of anxiety**

Stability of income or revenue: creating an acceptable level of earnings by limiting the reduction of unforeseen in income or cash flow losses (Sehat & Alavi, 2011).

**Risk management process**

Risk management includes following steps: Identification: In this stage any risks that may affect project objectives are documented (Abbasnia et al., 2008). The purpose of risk identification: collecting data on the types of damage that institution is exposed. Sources of data collection for the identification of risks are: Internal resources: financial statements, written records, human resources and organization. Foreign sources: companies, agents and brokers, insurance industry, health and safety experts, legal advisors, etc (Sehat & Alavi, 2011). Risk Analysis: This time, prioritizing and analyzing the sources of risk. In order to identify sources of risk is high. In this process, potential risk events will be prioritized, according to potential effect of each of them on goals of the project (Abbasnia et al., 2008).

**Conclusion**

The aim of the research was to analyze theoretical basis and the results of research that has been done in the field of risk management. According to the survey it can be said risk management enables a company to administer their common risk in a better way. What is considered as a risk, in general, the risk of loss of resources, loss of market, and loss of existing customers and attract new customers. Crucial issue that caused the most important companies in the world to satisfy and keep their customers by using techniques of information technology and communications think of special dispensation. Companies for a growing successful and increasing their throughput has been designed a model as a landscape, which is known as model of success. These companies pay special attention to the maximum use of their financial resources with this view attempts
to increase its share of the global shipping market, to develop it and to create new markets for their own. With this prospect they trying to give appropriate services, by understanding customers' needs, in order to reduce customer costs and increase the cycle. Risk identification and risk management have crucial importance. In management, risk is a situation, that all possible outcomes for a given decision management have been recognized and links possibility with every possible result (Mazlumi et al., 2007).

References


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