

RISK MANAGEMENT

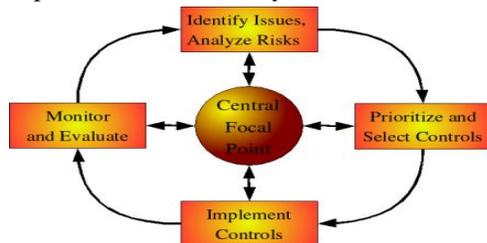
Naveen Jindal, Shivang Haryal

Information Technology, Dronacharya College of Engineering, Gurgaon, India

Abstract- Risk Management is the term which is not only implemented for the large scale organizations but it is associated with each and every type of firm or organizations. Risk Management ensures the smooth functioning of all the events of a project. Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and impact of unfortunate events or to maximize the realization of opportunities.

I. INTRODUCTION

Risk management is the systematic process of identifying, analyzing, and responding to project risk. It includes maximizing the probability and consequences of positive events and minimizing the probability and consequences of adverse events to project objectives. Several risk management standards been developed including the Project Management Institute, the National Institute of Standards and Technology, actuarial societies, and ISO standards. Methods, definitions and goals vary widely according to whether the risk management method is in the context of project management, security, engineering, industrial processes, financial portfolios, actuarial assessments, or public health and safety.



II. QUALITATIVE RISK ANALYSIS

Risk analysis is the process of assessing the impact and likelihood of identified risks. This process prioritizes risk according to

their potential effect on project objectives. Qualitative risk analysis is one way to determine the importance of addressing specific risks and guiding risk responses. The time-criticality of risk-related actions may magnify the importance of a risk. An evaluation of the quality of the available information also helps modify the assessment of the risk.

Qualitative risk analysis requires that the probability and consequences of the risks be evaluated using established qualitative-analysis methods and tools. Trends in the results when qualitative analysis is repeated can indicate the need for more or less risk-management action. Use of these tools helps correct biases that are often present

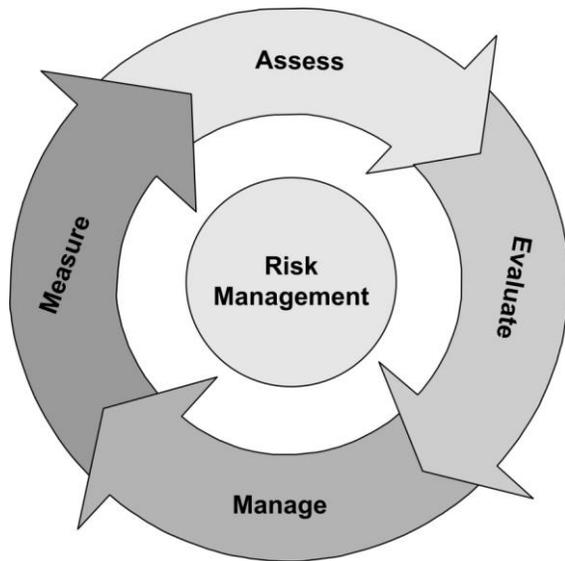
III. QUANTITATIVE RISK

The quantitative risk analysis process aim to analyze numerically the probability of each risk and its consequence on project objectives, as well as the extent of overall project risk. This process uses techniques such as Monte Carlo simulation and decision analysis to:

IV. RISK MONITARY CONTROL

Risk monitoring control is the process of keeping track of the identified risks, monitoring residual risks and identifying new risks, ensuring the execution of risk plans, and evaluating their effectiveness in reducing risk. Risk monitoring and control records risk metrics that are associated with implementing contingency plans. Risk monitoring and control is an ongoing process for the life of the project. The risks change as the project matures, new risks develop, or anticipat risks disappear. Good risk monitoring and control processes provide information that assists with

making effective decisions in advance of the risk's



occurring. Communication to all project stakeholders is needed to assess periodically the acceptability of the level of risk on the project. The purpose of risk monitoring is to determine if:
DETAILED RISK IDENTIFICATION: A set that has no elements is called the empty set or null set and is denoted by \emptyset .

V. LIMITATIONS OF RISK MANGEMENT

Developing risk maps, heat maps and risk rankings based on subjective assessments of the severity of impact of potential future events and their likelihood of occurrence is common practice. These approaches provide an overall picture of the risks, seem simple and understandable enough to most people, are often the result of a systematic process and provide a rough profile of the organization's risks.

Typical attributes of a risk map include: governing



objectives drawn from a business strategy or plan that provides a context for the assessment, a common risk language that provides a perspective for understanding risk and predetermined criteria for conducting an assessment. While everyone agrees that an effective risk assessment should never end with just a list of risks, it is not unusual for traditional risk assessments to hit a wall, leaving decision makers with a list and little insight as to what to do next. In addition, there is the common complaint that risk assessments rarely surface an "a-ha!" that alters senior management's view of the world.

REFERENCES

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Mrs. Rashmi Grover