The Importance of Quality Risk Management Processes

Risk management principles are effectively utilized in many areas of business and government including finance, insurance, **occupational safety,** public health and by agencies regulating these industries. Although there are some examples of the use of *quality risk management* they are limited and do not represent the full contributions that risk management has to offer. In addition, the importance of *quality systems* has been recognized in industries, and it is becoming evident that quality risk management is a valuable component of an effective quality system.

It is commonly understood that *risk* is defined as the combination of the probability of occurrence of *harm* and the *severity* of that harm. However, achieving a shared understanding of the application of risk management among diverse *stakeholders* is difficult because each stakeholder might perceive different potential harms, place a different probability on each harm occurring and attribute different severities to each harm.

In past years, risk management was mainly applied in the context of safety at work, environmental safety, product safety and product liability (and related insurances). The Risk Management Process courses focus on the safety of people, the environment, technical systems and processes.
In these individual subfields, risk evaluation and risk treatment is performed in a bottom-up approach. The bottom up approach helps all employees to identify hazards and to report them to their line managers.

More recently, risk management has gained new importance as an obligation of the top management and executives within the framework of corporate governance. The primary task of risk management is to contribute to the achievement of strategic, operational and financial objectives as well as objectives related to the safety of people and the environment.

A top-down approach is used for risk evaluation and risk treatment.

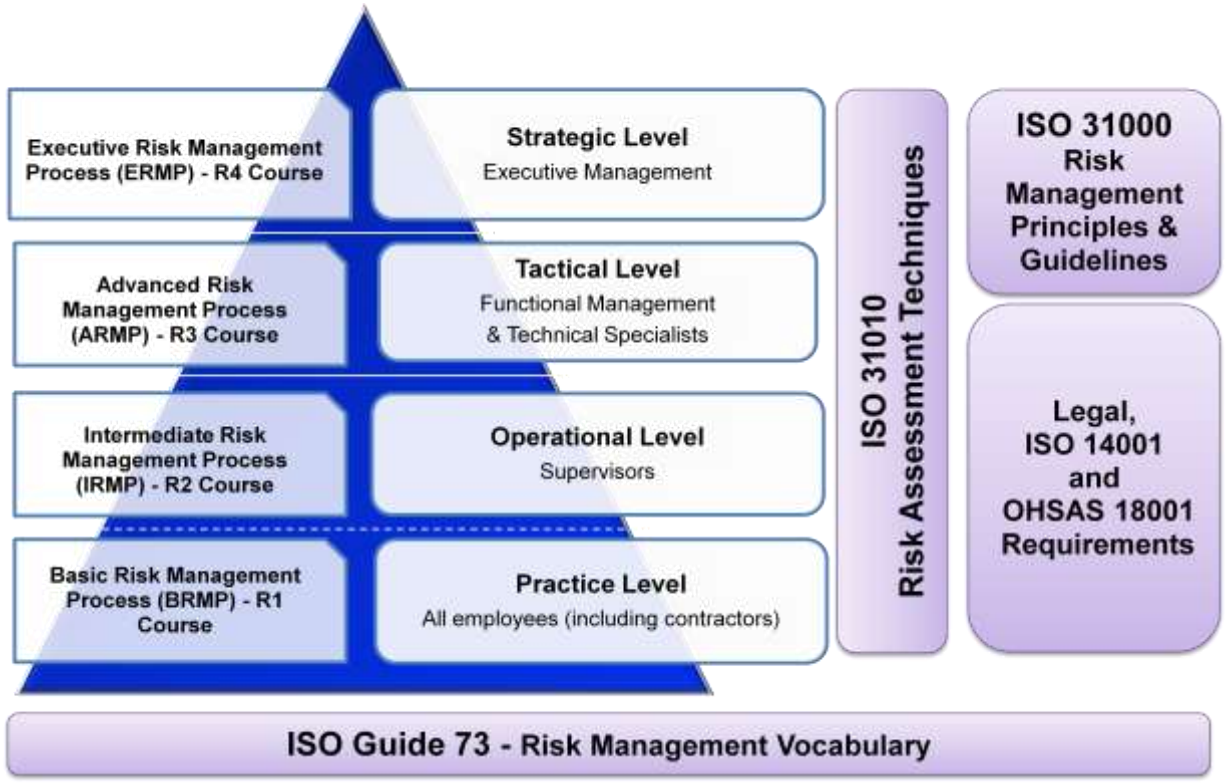
An effective risk management process means that all risks are being controlled and that no problems will occur. In order to control these risks, it is necessary to do the following:

a) identify and understand the risks
b) try to foresee any possible consequences
c) predict who is going to be involved or affected and
d) implement successful safety measures that will minimise or even eliminate the risks.

In other words there is a need to assess any possible risk involved in each activity (risk assessment); decide how to approach the problem (risk strategy), and employ all measures needed for the participants' protection (safety measures).

The IRCA Global Risk Management Process courses aim to cover the combination and coordination of the top-down approach and the bottom-up approach - thereby, risk management becomes a powerful tool for managing organisations in order to cope with increasing complexity.

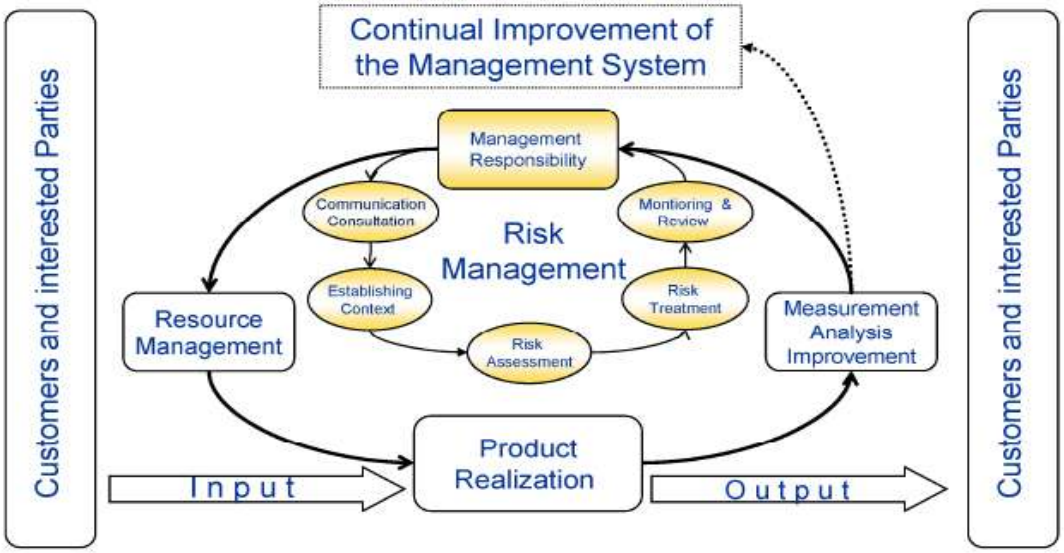
IRCA Global Risk Management Process courses based on ISO Risk Management Guidelines:



Risk Management Process and Management Systems

Many organisations do not have a comprehensive management system. Either they only have parts of a management system or they are managed on the basis of more or less systematic interpersonal direction and control. In such a context, risk management can be designed independently if it is justified by the size, complexity and risk exposure of the organisation.

The risk management process can however be interpreted as a management responsibility and be integrated with other Management Systems, where in place – the example shows integration with the ISO 9001 Process Model



Outcomes of the Risk Management Process:

As a result of successful implementation of the Risk Management process:

1. A risk management strategy is established and used that includes plans covering mitigation and contingency measures, methods, criteria, (including criteria for acceptance of residual risk after risk mitigation actions) and parameters for management of risk.
2. Risks are identified and assessed for their risk attributes, such as likelihood and consequence.
3. Risk mitigation is performed when analysis indicates action.
4. Risk mitigation actions and risk status are monitored to determine their effectiveness and corrective action is taken as needed

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