

We are all exposed to different risks every day, both at the workplace and at home, and often manage risks subconsciously

The paper entitled Risk Factors and their Assessment by Predrag Vukojicic emphasizes that risk management is an integral part of our daily life. Modern corporate governance structures put significant emphasis on risk management, while new methodologies partially result from this.

This paper emphasizes the risk factors in evaluating the risks, which is a key phase in attempting to manage them successfully.

We are all exposed to different risks every day, both at the workplace and at home, and often manage risks subconsciously. It is well-known that there are various methods of risk assessment. However, for all of them it is most important to detect and evaluate expected losses and probable and less probable but possible events.

One of the definitions of a risk is that risk is a possible act or event that may create negative consequences for the company and its operations. The risk is simply the possibility of the below three factors occurring:

1. Threats – events or activities of external nature, which at a certain point affect the weak points of the system, and as such create certain effects,
2. Vulnerabilities – weakness within a system that at a certain point can be attacked by threats, and
3. Impacts – short-term and long-term organizational consequences if threats attack the weaknesses of a system.

Once risks are identified, it is necessary to evaluate potential company impacts and likelihood of their occurrence. The key thing is to prepare specific guidelines for the organization, and then immediately register all risks allowing their further management. Although there is no single concept for efficient risk management, specialized functions of the company close to the top level management require knowledge of all risk management phases, methods and techniques of risk management, communication skills, interviewing and objective analysis. This reduces risks to an acceptable level for the company, through an adequate risk management process.