THE ANALYSIS OF RISK MANAGEMENT PROCESS WITHIN MANAGEMENT

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Abstract
This article highlights the risk analysis within management, focusing on how a company could practicaly integrate the risks management in the existing leading process. Subsequently, it is exemplified the way of manage risk effectively, which gives numerous advantages to all firms, including improving their decision-making process. All these lead to the conclusion that the degree of risk specific to companies is very high, but if managers make the best decisions then it can diminish it and all business activitiy and its income are not influenced by factors that could disturb in a negative way .

Key words: firm, risk, management, organization, control

JEL classification: *G31; M10; M14.*

1. Introduction

Any company must consider that the system of risk management means risk reducing in departments and does not accept costs or losses associated with departments operations, and also the fact that risk management could affect the the department ability.

In specialty literature are found numerous methods of conceptual risk management available for the public and private sectors. This publication provides an overview of key concepts specific to risk management and to targeting risk management process. The article provides important information and contains the minimum principles and procedures of a process-based risk management to assist companies' departments in adopting a consistent approach to risk management. Companies are encouraged to adapt the content of this article to suit their individual circumstances and develop progressively more sophisticated processes, such as risk managementthat increases maturity level.

2. The analysis of managerial risk

Although there are many definitions of risk widely available, industry often embedded specific terminology because it was generally accepted that if we know for sure that something will happen there is no risk associated with it. There should be an element of uncertainty surrounding it to be a risk.

Risk includes both possible threats and opportunities and their potential impact on the firm's ability to meet its own targets (Barsan-Piu N., I. Smith, 2003, p. 77).

The baseline separates risk in two types, such as: strategic risk and operational risk. **Strategic risk** relates directly to the processes of strategic planning and management firm. Strategic risks are those that could have a significant impact on achieving the company's vision and strategic objectives as documented in the strategic plan. These are high-level risks that require identification, treatment, monitoring and management by the managerial leadership of the company. These risks could be managed by several people in a company for their management suggestions to be effective. **Operational risk** is the risk that could have a significant impact on achieving: the strategic objectives of the company (as documented in the strategic plan) from the actions taken by a certain division, branch or unit of work; the individual programs or objectives of project management.

Operational risks require management by the principal coordinator responsible for the division, branch or unit of work, or by the relevant program or project. These risks may require getting over the executive management. Risk management embodies a management culture that involves taking prudent risks within a company. Risk management is the process of identifying, evaluating and responding to risks, and communicating the results of these processes to the appropriate parties in a timely manner.

An effective risk management system involves:

- Improving planning processes in order to focus on core business to remain and help ensure continuity of service provision;
- Reduces the likelihood of "surprises" potentially costly and helps prepare for some challenging and unwanted events and results;
- Contribute to improved resource allocation by directing resources to the highest risk;
- Improves efficiency and overall performance;

- Contributes to building a positive organizational culture in which people and agencies to understand their purpose, roles and best direction to take the most appropriate decisions and get the most effective results;
- Helps to increase accountability, responsibility, transparency and governance;
- Adds value as a key component of decision making, planning, policy, performance and resource allocation, when it is subjected to continuous improvement.

Where risk management is a commitment from executive management by encouraging strong organizational culture and risk awareness, a firm should be able to overcome factors that can inhibit effective risk management.

In specialty literature we have identified many benefits of establishing a reliable risk management enabling accurate knowledge of all the threats and opportunities that is facing a company.

Risk management enables businesses to have greater confidence, so as to provide quality services, to manage the risks and threats to an acceptable level, to always know the opportunities and challenges that it is facing.

Into risk management is applied process to identify, treat and manage risk throughout the company's activity, in this way the risks that must be identified and managed include:

- Strategic and operational risks of the company that are managed by the company's departments, but could become a risk to the entire firm because of their size or significance;
- The risks of cross-firm, where risk refers to several companies (for example, collaborative projects) and requires more attention, so all companies need to be more efficient (Gogoneata Basarab, 2004).

Therefore all companies should realize and understand the potential significant risks of entire company.

3. Relationship between risk management principles, framework and management process

Monitoring and reviewing provide additional information and practical tips for companies to introduce a process framework and robust risk management.

Many factors will contribute to the success of risk management over the business of the company, so it provides principles that should be adopted by any organization to successfully manage their risks; such principles are (Caracota Maria Dimitriu, etc. 2014):

- risk management which have a firm commitment from the person responsible;
- risk management framework is integrated with other business processes such as strategic planning, operational planning and executive management positions;
- effective risk management is based on a strong culture and risk awareness at all levels of the company, which requires a workforce to encourage informed risk culture;
- risk management which is supported by a program of education, training and development for staff who is dedicated to leadership to key risk levels in the company (eg, supervisor, manager, director and executive);
- risk management process designates the clearly property of risk responsible of the company, its tasks and specific actions;
- the risk management is proactive to communication between companies;
- risk management process is based on both current experiences and lessons learned.

Risk management framework within management is not an isolated function that exists within a company. Rather, it is an integral part of strategic planning, strategic management and daily activities of the company. Although identifies three specific areas:

a. responsibility of relevant people within a company;

It is fundamental the responsible role to ensure that the company has a robust internal organizational culture and a process that is able to identify and manage its risks. Objectives and risk management strategies should be designed to fill up the company's existing visions and strategic objectives. To set a global risk management, it requires a clear vision for risk management that should be articulated and supported by policies and principles of operation. A simple risk management framework will personally guide like this (Nadia Carmen Ciocoiu, 2014):

- to describe the risk management philosophy (why?) and process (how?)
- to provide methods for identifying, treating, monitoring and reviewing risks;
- to establish roles and responsibilities for effective risk management (eg, establishing a risk coordinator role to lead and manage risk management software throughout the company and assigning an owner of risk for each risk);
- to detail a process suitable for strategic and operational risk reporting;
- to provide for ongoing continuous improvement through evaluating the objectives and outcomes of risk management.

The more correct and understandable is exemplified the risk management by all staff, the more likely the staff will apply risk management principles promoted by the company and will include them in daily routine activities. So it is important to implement these principles in order to promote a strong culture of risk management within the company. And executive management must consider the type of frame that will fit best with its particular operational context and the internal and external environment. Companies should refer to existing policies and procedures to help develop effective risk management framework, policies and procedures such as (Horobet Alexandra, 2005):

- business operations;

- reporting mechanisms
- organizational culture;
- workforce skills and capabilities;
- planning and performance management processes;
- norms, legal and regulatory requirements;
- the organizational structure and delegation of authority, responsibility and accountability.

b. integration of risk management in all areas of the company;

Integrating risk management should be embedded or integrated into the company's philosophy and its organizational culture, in the existing governance, policies and structures of decision-making, both strategic planning and operational levels.

Companies that integrate risk management are more likely to achieve their strategic objectives and to deliver services effectively and efficiently.

Successful alignment of risk management requires four key factors (Maria Gavrilescu, 2005):

1. focusing - if there is an identifiable source of risk management expertise, then a firm's managers meet regularly to discuss intense risk management issues;

2. a direction - if a clear direction and strategy for risk management is established, then it is an effective risk management;

3. decision-making structures – where risk management is not a separate process, but is considered the key point to all parts of the chain of decision-making, the operational planning being considered;

4. the capacity of the company - if the executive management of the company invests time and resources to build momentum, then it is ensured that there is a common language of risk management, a common understanding of the principles of training and development to build expertise and established tools and processes for risk management.

Integrated risk management requires continuous evaluation of the potential risks and opportunities for the firm. The results should inform company-wide risks, facilitate prioritization in order to improve decision-making process of a company. It is necessary to establish clear links between risk management, policies, priorities and objectives of companies (vertical integration) and corporate policy and its specific operations (horizontal integration).

Vertical integration involves (Danciulescu Alexandra Irina, 2015):

- integrating risk management with business objectives at all levels by providing a framework that links a company's strategic plan through its individual operational plans;
- integrating risk management with assessment and reporting mechanisms to ensure that the risks and risk treatment strategies are monitored, analyzed, reviewed and updated;
- communicating management or execution decisions to acceptable risk levels;
- establish the getting over processes to be followed if a risk is revised and falls outside the range of acceptable levels of risk appetite and tolerance;
- improving control, risk management systems and processes, and also outcomes from evaluation of potential risk.

Horizontal integration involves horizontal integration of risk management within systems of companies, processes and practices, being a priority planning and decision-making at every level of the company.

When risk management is integrated into strategic and operational management, then additional risk management information available should allow better planning of understanding and decision-making at the company.

A challenge for all companies is to provide an appropriate level of investment in strategic risk management - both in time and resources - and clearly communicate the importance of risk management as a core component of the company.

c. existing mechanisms to review the framework.

The mechanisms of reviewing risk management framework not only refers to review the risk itself. Companies should review their risk management capacity to ensure that they can effectively manage risk, and it is within the scope of the company. A regular review of the risk management framework will lead to (Ilie Mihai, Velicu Ileana, 2008):

- ensuring that the risk profile of the executive management of the company has been properly identified, documented and evaluated;
- ensuring that company procedures and systems function effectively;
- ensuring that risks are effectively monitored and treated at an agreed level.

Periodically, it should be conducted an annual analysis of the whole process of risk management by the responsible in charge. It is important to consider the "lessons learned", whether positive or negative, and their use to improve current practices and processes. It is important to assess whether the elements of the risk management framework were implemented effectively.

Responsibility for reviewing the risk management framework can be assigned to a committee to provide advice and support to risk responsible within the company. It can be a separate risk management committee, or combined with the audit committee of the company. While the commitee accepts no responsibility for risk management itself, it is in charge to periodic review and evaluation of the risk management and to provide assurance on the effectiveness and relevance. The committee should take care not to confuse risk management review procedures for risk management itself.

4. Risk analysis at the level of company Artego S.A.

Performance analysis of joint stock companies Artego generally observed an increase in turnover, due to the effort of maintaining and growing an unorganized market. To determine the profitability of the company as an expression of good results Artego be purchased information from the balance sheet to the income statement and cash flow. Self-financing capacity reflects the company released financial potential Artego.

The way evolution is change there is an improvement in financial and managerial thinking. The accounting policies that involve joint stock company in Targu-Jiu Artego to appeal to one or more methods of performance measurement. Artego SA face daily risks that may affect short-term and long-term goals referring to his work on strategic initiatives, including all operations, processes and projects task-specific, all having different consequences financial results, the strategic in nature, operational, and the image and reputation of the joint stock company Artego.

All the company's activities Artego involve risks and risk management is the process of substantiating the decision, taking into account the effects of uncertainty on objectives materialize Artego company and the establishment of measures and actions needed.

In the spirit of this new standard may decide to fundamentally review the existing practices and processes. Although the strategy adopted for risk management at the company Artego developed over time, in different sectors (financial, strategic, operational) to meet various requirements

For an activity appropriately and effectively, company managers Artego are required to develop measures that may reduce the risk, analyze the budgetary impact arose from the implementation of measures related to the acceptance of risk, avoid it or transfer it, they are obliged to establish the main priorities for budget allocation available. Thus, considering the unpredictable nature of the economic process or if there is sufficient knowledge of it, then it can meet a state of uncertainty but some difficulties arising from the decision-making process within the company Artego. In conclusion there is the need to develop and implement a risk management tool is subject to the joint stock company Artego objectives.

ISO 31000 covers those objectives, policies and commitments that are designed to maintain a program for risk management in the company stock, it also includes some indications that refer to management implementation, the elaboration of the evaluation techniques while their own business.

Developing a response strategy in terms of risk to the company Artego involves the second component of the process of risk management company Artego and aims to identify that strategy risk management, 'the specialized terminology developing a response strategy . Artego is required to identify an appropriate policy response as the situation created and the importance of risk. This requires mentioning that if the company's management develop a successful managerial policy, then it will develop strategies and effective action in response to the risks as far as holding greater experience in conducting management under uncertainty.

Because the company Artego succeed, risk management should be undertaken in a general framework should provide the foundations and organizational structures of all levels integrated with the company Artego.

Implementation of risk management at the company and ensure its effectiveness constantly requires a commitment and genuine involvement, strong leadership and sustained management of the company Artego, however followed by a strict system of strategic planning of its activities.

Risk management policy should clarify company objectives Artego by specifying the following:

- interdependencies between risk management policy and goals Artego and its other policies;
- Motivation Artego on risk management firm;
- How to address conflicts of interest within Artego;
- Techniques used for risk management;
- Resources available to risk managers;
- The performance measurement and communication of risk management policy.

The main risks that were identified in the company's activities Artego are:

- the risk of accidents that would cause human casualties and material destruction;
-The risk of fire which could cause partial or total damage of property or life;
- Internal risks that lead to the identification of objectives, but they are misunderstood.
- The risk trade could lead to the insolvency of the company;
- Risk of fraud would result in errors in the financial statements, it imposes a system of prevention;

Company Artego it is useful to adapt to conditions favorable and unfavorable external environment but conditions are quite dangerous, but the company must consider and develop and provide a useful strategy to accommodate external environment hazards. In conclusion components response strategy in terms of risk to the company Artego are those that should be clearly identified and traced objectives and final results are expected. To develop a response strategy in terms of risk as a key component of the company's risk management process involves identifying a chassis Artego strategies for managing these risks.

Response strategy with risk addressed in the company's strategic decisions Artego becomes operational by the following features:

- refers to the firm's activities Artego and correlative approach is based on their return and risk;
- Involving the link between risk and return; - Envisages synchronization of Artego company with the resources.

In conclusion optimal response strategy implementation risk conditions in the company Artego ensure future business projection, on a relatively short period of time and focuses on diagnostic studies and forecasting.

5. Conclusions

In conclusion, the risk management process consists of seven stages. The seven stages of risk management are: setting the context, risk identification, risk analysis, risk assessment, risk treatment, communication and consultation, monitoring and reviewing.

In the early stages of implementation of integrated risk management, the champion risk management should be able to demonstrate to the executive how it will help them with short-term goals of the company and better position it for the future.

Ensuring adequate risk management, training programs and staff awareness is critical to build an effective organizational culture.

Establishing external and internal environment of the company is the first step specific to risk management process, as it involves consideration of both challenges and opportunities in the company's vision and objectives, and operating environment. The environment is important because it sets the parameters within which risks are identified, assessed and managed. As such, it should be defined broadly enough to include a wide range of trends, influences and timelines. Firms will need to gather information both at strategic and operational levels, and include both external and domestic risks that are facing.

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