# College of Nursing

**Community Health Nursing Department**

# Leadership and Management in Nursing

Risk Management

**Risk management** is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These risks stem from a variety of sources including financial uncertainties, legal liabilities, technology issues, strategic management errors, accidents and natural disasters.

**Risk management process**

One of the best-known sources is the [ISO 31000 standard](https://searchcompliance.techtarget.com/definition/ISO-31000-Risk-Management), *Risk Management -- Guidelines*, developed by the International Organization for Standardization, a standards body commonly known as ISO.

### ISO's five-step risk management process comprises the following and can be used

by any type of entity:

1. Identify the risks.

### Analyze the likelihood and impact of each one.

1. Prioritize risks based on business objectives.
2. Treat (or respond to) the risk conditions.
3. Monitor results and adjust as necessary.

**Importance of Risk Management**

Risk management is an important process because it empowers a business with the

necessary tools so that it can adequately identify and deal with potential risks.

Once a risk has been identified, it is then easy to mitigate it. In addition, risk management provides a business with a basis upon which it can undertake sound decision-making.

For a business, **assessment and management** of risks is the best way to prepare for eventualities that may come in the way of progress and growth. When a business evaluates its plan for handling potential threats and then develops structures to address them, it improves its odds of becoming a successful entity.

In addition, progressive risk management ensures risks of a high priority are dealt with as aggressively as possible. Moreover, the management will have the necessary information that they can use to make informed decisions and ensure that the business remains profitable.

**Four Basic Methods for Risk Management**

The basic methods for risk management—avoidance, retention, sharing, transferring, and loss prevention and reduction—can apply to all facets of an individual's life and can pay off in the long run.

## Risk Avoidance

Avoidance is a method for mitigating risk by not participating in activities that may incur injury, sickness, or death. This includes not performing an activity that could carry risk.الابتعادعن أي نشاط خطر

## Risk Retention الابتعاد عن المخاطر

Retention is the acknowledgment and acceptance of a risk as a givenالاحتفاظ او الاعتراف بحدوث الخسارة. Involves accepting the loss, or benefit of gain, from a risk when it occurs. True [self](http://en.wikipedia.org/wiki/Self_insurance) [insurance](http://en.wikipedia.org/wiki/Self_insurance) falls in this category. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained.

## Risk Sharing

Briefly defined as "sharing with another party the burden of loss or the benefit of gain, from a risk, and the measures to reduce a risk."

تقاسم عبء الخسارة او الفائدة

**The term of 'risk transfer'** is often used in place of risk sharing in the mistaken belief that you can transfer a risk to a third party through insurance or outsourcing. Sharing risk is often implemented through employer-based benefits that allow the company to pay a portion of insurance premiums with the employee. In essence, this shares the risk with the company and all employees participating in the insurance benefits.

## Loss Prevention and Reduction

This method of risk management attempts to minimize the loss, rather than completely eliminate it. While accepting the risk, it stays focused on keeping the loss contained and preventing it from spreading.