

PROJECT RISK MANAGEMENT

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ABSTRACT

In an environment characterized by intense change, with different implications, which have encouraged the processes of globalization and transition, increased the probability of harmful, hazardous, events. Management is the process of forming and maintaining the system, with the aim of achieving the objectives, conduct management functions. Risk management brings certain advantages, and its success depends on the institutionalization, development of appropriate organizational structure and organizational culture. Project success is dependent on the integrated management, including management of risks. While managing the risks of the project should be primarily an understanding of the nature of risk, and then assessing and ranking risks of the project, selection of insurance against risks and controls to ensure the implementation of a risk.

Keywords: risk, project, project risk management

1. INTRODUCTION

The purpose of modern project management is guiding towards a successful project. Application of project management brings benefits and enhances the spread of project management, and uses only come from efficient project management. Projects are unique, and thus different, and each project regardless of its characteristics will be good governance. All organizations are realizing the execution of strategic growth projects, and management of development inevitably requires management efficiency projects. Applying the principles, practices, systems and resources management project is constantly increasing and is of great importance for any organization, institution, in today's world competitiveness. Where is the project management applied to reach the great benefit and value. The project life cycle there is a possibility that something can go wrong, it does not happen all that was planned, and it is unrealistic to assume that everything will happen as expected. Project risk management is trying to cope with adverse events organized in a systemic way, trying to suppress a potential risk events, and even take advantage of them.

2. PROJECT RISK MANAGEMENT

Entrepreneurship and entrepreneurial venture that is being achieved through projects is a process dependent on the will and determination of entrepreneurs: who perceived opportunities in the environment, the market, and constantly strive to stay on it, by opening the process to create value by consolidating into a single package of resources for use on some opportunities. Entrepreneurship is the process of creating value by uniting the unique combination of resources for exploitation opportunities.

Changes in the environment relativize the market position and the state of participants in the industry. Competition is the result of the influence of entrepreneurship and innovation in existing companies. In

the long term competitiveness and is reduced to the innovation competition. Project management provides a basis for success: as are projects are selected, only when support organizational strategic goals, use is done only with achievable techniques, cost and time goals, accountability is well defined, each project is planned and controlled, the project teams work together with the intention of reaching the goals. Projects have their own risks. Risk management is defined as the systematic process of identifying, analyzing, and responding to project risk, and that includes maximizing the probability and consequences of positive events and minimizing the likelihood and consequences of adverse events of project objectives. The risks are different for each project, and they are also changing as the project progresses through its life span. The risks of potentially reduce the project's success. Success certainly a lot more than: just in time, within budget, or certificate requirements. Success is actually gaining advantages, superiority, victory, accomplishment, achieve, some added value in many dimensions of project success.¹

2.1. Institutionalized Project Risk Management (IPRM)

Obsolete thinking creates some classic obstacles, which we recognize in the phrase: „the risks are inevitable, it will cost what it cost, we handle what we need when we get it, risk management requires too much effort“, etc. The worst obstacle if there is a lack of vision. Where do I start with the institutionalization and how we can institutionalize PRM in our organization?. First, we must develop a business case IPRM, and that means defining IPRM framework with regard to the context and objectives, determine approach to assessing levels of risk tolerance, establish a corporate policy, institutionalize best practices and related departments. Context will affect access to institutionalize PRM, so in that sense, to answer a series of key questions: At what level of organization management, strategic and operational management; What are the key environmental risks - primarily regulatory, business, public safety; He has influence result in general?; Who are the participants? Who benefits and who suffers?. It is very important definition of what is actually the ultimate success of the PRM and how to determine, because different actors have different views. Also important is the determination of which risks can be eliminated, and it depends on the level of responsibility within the organization. Costing PRM is done according to organizational units, but used to be measured and to perform the same required rewarding, motivating improved risk management. If responsibility for the IPRM is not at the highest level of complex risks and opportunities will require cooperation between departments (between the program and individual project). Favorable policies should be aimed at the executive level. Essential relationships between departments and their relationship. In achieving the necessary level of accountability is an important exchange of information and the budget and the distribution of contingent resources. The administrative structure of the organization should determine who will be tools and techniques used throughout the organization and whether it is for the implementation of audit activities will be necessary legal, regulatory requirements. Applied tools and techniques must be suitable for the identification, analysis, mitigation activities and monitoring of risk, giving equal emphasis to the opportunities and risks, and allowing a degree of flexibility to suit each organization. Important starting point in determining the proper techniques necessary to compare the risks, ways of measuring the influence of risk, measuring the probability of occurrence of adverse events. Eligible are relatively broad assumptions.

2.2 Managing IPRM

First, they need the tactical considerations of threats to the affairs portfolio or the program (a set number of projects) and categorizing them according to their source, and then confirmed by attempting to transform risks into opportunities, by providing a realistic mitigation and response plans in place through which the sharing initiatives (projects) within the portfolio or program for easy management, adopting the most appropriate, or those who can best respond to risks. For each stakeholder, and they are divided into external and internal, identify potential risks and potential threats. Each stakeholder (newsgroup) has a specific interaction with the corporation, certain benefits

¹ functional performance, a set of technical specifications, a set of goals (schedule), a set budget, the full expression of the consumer, the problem is consumers; Beam with which consumers use the product, satisfying the consumer, commercial success, creating a wide market share, creating new markets, creating new production lines, developing new technologies.

and expectations regarding these benefits, was estimated with some expressions of success that would follow the implementation of corporate strategies. They must assess risks and opportunities, and to assess the likelihood of each risk occurrence, time, force of impact on business results. Testing the validity of the data starts with the assessment that you are and how much reliable historical data. It is important to assess whether there is bias or inexperience of the reporting staff and whether there's any doubt in the analysis, whether there is dependence between individual risks and the risks that impact on raising the overall level of risk, and whether all risks are presented in the project risk register. To be able to carry out quality control, risk management, must be acceptable by the coefficients, the appropriate criteria, to determine levels, risk tolerance limits on the level of the organization. Any decision at all, in the process of decision making in the organization, linked, rather, is determined by the attitude towards risk. We should recall that the management process is the adoption and implementation of decisions. Attitudes toward risk in the organization, the level of tolerance for risk, expressed in risk aversion, neutrality, or tolerance, and they depend on the type of project, type of risk, critical areas of product or project, the place of risks. Of course, all this is essential for setting the response in conjunction with the risk. In the process of planning responses to the risks of seeking the optimal responses, a number of practical responses, for each significant risk in particular. Standard options include responses to risk: **to tolerate**, to watch and wait, with an anticipated decision (the threats should be adopted to minimize the alternative process steps), **to reduce the risk probability** and / or impacts (transfer: and / or share the risk through contracts or insurance, and if it considers too risky should stop the entire project). In responding to risk events is an important responsibility at all levels of management. With the approval of the most appropriate response and obtaining approval for implementation, and activities should be conducted responsibly and fully in line with planned. The meaning of information and the report reviews the following aspects: **technical**, (syntactic, which implies that the message contains information which is true and complete) **symbolic** (semantic, which implies that the syntactic aspect is met and requested that the report containing the information is written in a terminology in order to be clear and understandable for users, and **pragmatic** (information should reduce uncertainty, contributing to reduced entropy). The purpose of project risk management is that efforts should be directed not only to avoid deficiencies, but also actively reaching improvements, whereby it must be clearly determine who should take responsibility for each identified risk. In conjunction with the strategies and policy options project risk management should be stressed that they must be directed to the possibilities, along with uncertainty moving away from risk. The purpose of insurance is IPRM risk monitoring, risk response and evaluate the efficiency of activities within the tolerance level. Key questions that need to be answered are: How well defined, the risks of the project?; Do what is described corresponds to reality?; Is the risk added to risk register and updated after the event?; Is it closed, If you no longer exist?. PRM methodology is the same as all other functions of project management. Project risk management involves a series of logical steps and management, and steps are being checked and / or repeated at appropriate intervals during the life of the project. In achieving the successful execution of projects within the total program, primarily performed the procedure of is with the project risks, and then carry out the logical steps of project management. In consideration of all potential risks are determined by functional areas of project management, and all should be interrelated and therefore must be collective, integrated, and therefore should first examine the "circle of risk". It is important to achieving the project's success, which can be measured in several ways. While the four key areas of project management: the project area, time, cost and quality, integration, project management extends to the management of human resources, information and communication and security requirements for performance. If we really want to successfully complete the project, should be checked whether they take all steps to avoid the obvious disadvantages relative to the risk management project, a practical situation raises the question of responsibility.

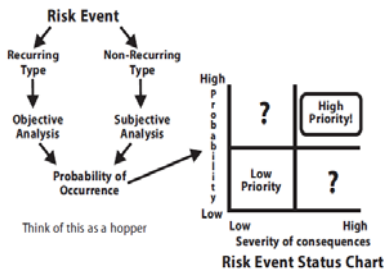


Figure 1. The ranking of the project

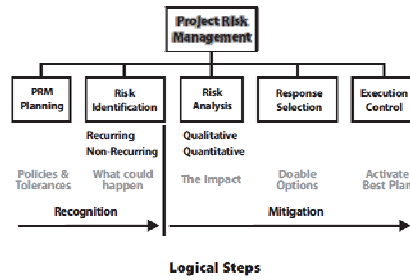


Figure 2. Logical Steps PM

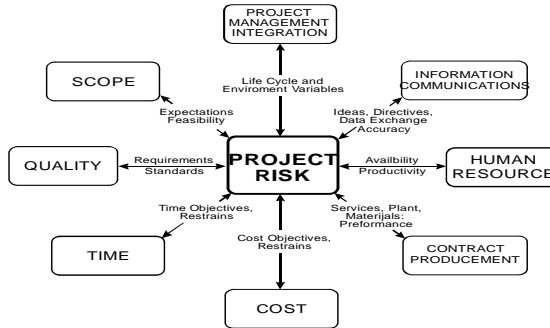


Figure 3. Review the Risk Wheel for relationship failure

3. CONCLUDING REMARKS

The considerations relevant to this text could be displayed the following conclusions:

- 1) The purpose of all organizations and societies is a development that is possible by raising and maintaining the level of competition. In the long term competitiveness of the innovation comes down to competitiveness.
- 2) The maintenance of market share, position and state the organization implement programs that contain two or more projects.
- 3) In the management of organizations are implementing and implement decision-making, whereby decisions expresses the attitude towards risk.
- 4) Risks that are different for the projects are managed, the implementation of an integrated approach to management.
- 5) In managing the risks of the project shall be necessary to institutionalize and develop appropriate organizational culture.

4. REFERENCES

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