Answer to Assessment

1. What is the relationship between Uncertainty and Risk?

- Uncertainty is a form of uncontrolled or immeasurable doubt within the certain range of a particular situation, while the risk is potential event whether gain or loss. Uncertainty always lies within the risk.

2. Define operational risk management.

- Operational risk Management is a system use to manage or minimize the effect of failure in the internal or external systems, people and process.

3. Explain the factors on which the operational risk management depends.

- Operational risk management affects by two factors which is internal risk and external risk,
    - Internal risk - types of risk which is failure of system within the organization e.g. health and safety

    - External risk - types of risk which is the organization or business has no direct control in it. e.g. politics and stock market.

4. Discuss in details the risks associated with people in a business?

- The risk associated with people in business are the following;

    - *Staff constraint* - is consist of several problem in management system, one is due to absenteeism when this situation occurs the business operation affects the quality, quantity output and the capability of the organization because of lack of manpower means failure of the objective to obtain or the target will not be satisfied, second is labor turnover has a significant impact in the organization or business hiring new employees to combat the effect of high turnover rate can result to another problem because the new employee needs to undergo to training and knowledge of newly hired employee is subjective plus the time to recruit and fully train the new employee one solution is to hire a highly skills and competitive people to fill in to minimized the effect of high turnover rate.

    - *Health and Safety* - health and safety can sometimes neglects by other organization because they think having health and safety management is very costly to implement and maintain but the organization didn't realize accident is costlier than they think, example of this accident that can result to death, disease, disability and damage of property these type of health and safety matters has a high direct impact in the organization or business.

    - *Management* - the management plays the big role in the business or organization because it is the key in achieving mission and vision, it has important function when it comes to productivity, quality of finished goods and customer satisfaction.