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A CONTEXT VISION

Operational risks as business identification scenarios, business risk

Riesgos operativos como escenarios de identificación empresarial, riesgos empresariales

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ABSTRACT

This review article aims to analyze the issue of financial risks that usually occur in companies, this is a very common issue because the risks can be found in any institution, so it is important to identify how these risks affect the institution and how you can create alternative solutions to minimize that risk, It is therefore proposed as an objective to identify the level of operational risk through an enterprise risk matrix that allows to analyze them and establish risk mitigation strategies, it is important to highlight that companies should have risk matrices that help to identify each process and observe which process can generate an improvement plan that contributes to the generation of value and reduce risk levels.

It is important to keep in mind which are the threats and risks for the entities since they are events that can occur frequently in different areas. Therefore, it is necessary to perform continuous monitoring and follow-up to verify that the mitigation actions are being carried out in the best way to achieve the expected results. Therefore, a quarterly follow-up frequency should be carried out to help mitigate the risks and provide continuity to the following risks that are also catastrophic.

Therefore, the information search method is qualitative, since through the indexed web pages, research files with publications related to the topics of study are made, allowing the generation of a bibliography according to the business needs.

RESUMEN

El presente artículo de revisión pretende analizar el tema de los riesgos financieros que se presentan en las empresas, este es un tema muy común dado que los riesgos pueden encontrarse en cualquier institución, por ello, es importante identificar cómo esos riesgos afectan a la institución y cómo se puede crear alternativas de solución que permitan minimizar dicho riesgo. Co este fin, se propone como objetivo Identificar el nivel de riesgo operativo mediante una matriz de riesgo empresarial que permita analizarlos y establecer estrategias de mitigación del riesgo, es relevante destacar que las empresas deben contar con matrices de riesgo que faciliten la

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identificación de cada proceso y permitan observar qué proceso puede generar un plan de mejoramiento que aporte en la generación de valor y reduzca los niveles de riesgo.

Es esencial tener presente cuáles son las amenazas y los riesgos para las entidades puesto que son sucesos que se pueden presentar frecuentemente en diferentes áreas. Por ende, es necesario realizar un monitoreo y seguimiento continuo para verificar que las acciones de mitigación se estén llevando a cabo de la mejor manera posible para lograr los resultados esperado. Por tanto, se debe establecer una frecuencia de seguimiento trimestral que contribuya a mitigar los riesgos y dar continuidad a los siguientes riesgos que también puedan resultar catastróficos.

1. Introduction

This review article provides insight into the business risks involved in all corporate management. Some to a greater extent than others, but none is exempt. Risk is part of any business area, because in a way it defines it and helps to set limits [1].

All companies at national level have as a priority the profits that their activity generates and also how profitable they are with respect to their competition, forgetting or leaving aside other situations that arise every day, situations that should be taken more into account, because they are an important part of the growth and sustainability of the same, both in the productive, commercial and financial part.

2. Method

The research was carried out according to the pragmatism paradigm since it joins the positivist paradigm where research is a philosophy related to the concept of real inquiry and the interpretivism paradigm used in most qualitative research. The empirical knowledge, the experience, the observable and experiential knowledge that one has of the company during the years worked in it and the direct relationship with the customers who are the ones who express the inconformities on a daily basis [2] [3].

The research method is a short mixed method because it unites qualitative and quantitative aspects since the data collected is on the site where the problem and the situation under study is experienced.

Procedures for qualitative data collection

- Qualitative observation: when the researcher takes field notes on the behavior and activities of individuals at the research site.
- Qualitative documents: the researcher may consult public documents (newspapers, minutes of meetings, official reports) or private documents (personal diaries, letters, e-mails).
- Digital and audiovisual materials: this data can be photographs, art objects, video tapes, web pages, emails, text messages, social media texts (Fernandes).

3. What is a Risk Assessment Matrix?

A risk matrix[4] is also known as a probability matrix or impact matrix. This is a useful tool for risk

[4] Wolinsky, 2003, mentions that it is an element that makes it possible to quantify risks, reducing the level of subjectivity at the time of their evaluation, provided that the parameterization and assignment of values to the indicators is duly grounded, which requires dedication and broad knowledge of the business and the regulations in force, among other aspects. This will make it possible to define the key factors to create a matrix scheme. In the case under study, the indicators are characteristics that make it possible to establish a client profile for the financial activity.

assessment because it focuses on the likelihood of probable hazards. A risk assessment matrix can guide you to quickly estimate project risk. It does this by identifying potential problems and possible consequences. This makes it easy to recognize and prioritize problems.

3.1 How does the Risk Assessment Matrix work?

The risk matrix is built around two complementary elements:

a) The likelihood of the risk occurring.

b) The potential impact of the occurrence of the risk on the business In other words, it is a tool that allows you to visualize the probability versus severity of the potential hazard, so risks are classified as high, moderate or low according to their probability and severity. In essence, it provides a realistic picture of all the hazards your company faces, allowing you to analyze their impact and develop a comprehensive risk management plan.

3.2. Why is the risk assessment matrix important?

1. Identification of Risks and Potential Impacts

The risk assessment matrix allows you to identify certain risk categories, as well as their likelihood and severity, enabling you to maintain a real-time perspective of the dynamic risk landscape. Even if some risks are unpredictable, companies can uncover significant portions of exposure by updating their enterprise risk management procedures.

2. Prioritize Risks according to Severity

Regardless of the industry to which you belong, risks occur in varying degrees and have varying severity of consequences. A risk matrix allows you to define the most serious risks your company will face.

Gaining a complete understanding of the modern risk landscape is essential to avoid potential losses. At some point, you may consider dedicating resources to all potential business hazards.

3. Manage Risks Strategically

As mentioned some time ago, risks have different weights and consequences. The risk assessment matrix helps practitioners design a customized approach to address excessive threat occurrences by addressing the most immediate problems. Focusing your efforts and resources on the biggest hazards will improve your entire business strategy because these risks have the greatest influence that can then lead to the most deficits [4].

3.3. Benefits of risk management

- Facilitate the achievement of organizational objectives
- To guarantee the normal operation of the organization
- Increased customer and employee satisfaction.
- Increased confidence in the company
- Turns problems into opportunities
- Minimizing the probability and impact of risks
- Continuous improvement of the internal and external control system.
- Resource optimization
- Improve the identification of threats and opportunities
- Customer loyalty.
- Becoming more efficient and effective
- Improved working environment between employees and customers
- Streamline and strengthen the decision-making process.

- Increased productivity by preventing and mitigating risks
- Improve the entity's organizational environment
- Adaptation to change
- To comply with current legal regulations
- Safeguarding corporate reputation and image
- Avoiding losses for the company
- Seeks continuous improvement through action plans (MatErh).

3.4. Risk typology

A. Management Risks

Risks are those associated with events or situations that may hinder the normal development of the objectives. Among the types of risk that may occur are:

- Strategic Risk: Strategic risks are those associated with failed business decisions. It refers to decisions or events that may stand in the way of an organization achieving its objectives.
- Making any business decision involves risk. Launching a new product, raising the price, lowering the price, modifying specifications, entering a new market, etc., all involve risk.
- Risk management: Risk management and risk management within a company refers to an organization's strategies to prevent, avoid or mitigate possible risks that may cause damages. This type of risks can be internal (leakage of information by employees) or external (customer delinquency).
- Operational risk: Operational risk refers to the possibility of an entity incurring losses due to human error, technological or process failures, infrastructure, or external factors.
- Financial risk: When we talk about financial risks, we refer to any business activity that involves uncertainty and, therefore, may cause some financial consequence negative for the organization.
- Therefore, this situation may result in the loss of capital.
- Technology risk: A technology risk is the threat of a business information technology failure that could compromise your organization. These IT hazards can take many forms, although they mainly revolve around software problems.
- Compliance risk: Compliance risk is the negative impact that may affect an organization as a result of non-compliance with its legal, regulatory or contractual obligations.
- Image or reputational risk: Reputational risk is any type of threat or danger that could damage your company's good reputation and negatively affect the overall success of your business and your reputation with consumers. These risks are often unexpected and can occur without warning.

B. Corruption Risks

Corruption Risk is understood as the possibility that, by action or omission, improper use of power, resources or information, the interests of an entity and consequently of the State may be harmed in order to obtain a private benefit.

4. Results

The heat map

Heat map: a tool to optimize risk management According to Search Data Center, a risk heat map consists of a matrix with two axes, where the Y-axis represents the probability of risk frequency and the X-axis represents the impact that the risk may have.

The map is represented graphically by placing the risks in a quadrant, depending on the probability that a certain risk may occur and the quantitative or qualitative impact that occurs if the risk materializes.

A properly structured risk map helps to improve the company's risk assessment model. To do this, it is necessary to first carefully identify the risks inherent to the organization and analyze what external and internal events are causing these risks.

The risks identified must be evaluated, estimating how often they could appear and what is the estimated financial, reputational and strategic impact [5].

Risks are present at any time, so we do not know what may happen in future events, however, it is possible to control them to avoid or minimize them, which is why it is necessary to have an adequate management of them, taking into account the causes, the root cause, the effects and the degree of impact on the company in case of occurrence.

4.1. General Measures to Avoid the Materialization of Risks.

The company must implement preventive actions for those risks that have not yet materialized in order to avoid the materialization of the causes of the risks. Therefore, the general actions to be implemented are as follows.

- Implementation of controls: the activities implemented to mitigate risks must be subject to a control in which it is evaluated that the procedure is correct.

Table 1. Risk heat map.

No.	RISK	IMPACT	PROBABILITY	RISK AREAS
R1	Merchandise theft	MAJOR	ALMOST SURE	ALTA 50
R2	Loss of merchandise due to the use of intermediaries in the transportation	CATASTROPHIC	ALMOST SURE	EXTREME 100
R3	Non-compliance in the delivery times of merchandise in the area of distribution	CATASTROPHIC	ALMOST SURE	EXTREME 100
R4	Delivery of incomplete orders due to lack of inventories	MAJOR	ALMOST SURE	ALTA 50
R5	Delinquency of more than 30 days in the customer portfolio	MAJOR	ALMOST SURE	ALTA 50
R6	Theft of cash from portfolio collection personnel	MAJOR	POSSIBLE	ALTA 30
R7	Delayed delivery of merchandise at the point of sale	CATASTROPHIC	ALMOST SURE	EXTREME 100
R8	Billing errors	MAJOR	PROBABLE	ALTA 40
R9	System downtime	MODERATE	PROBABLE	MODERATE 20
R10	Damage to computer equipment	MAJOR	IMPROBABLE	MODERATE 20
R11	Floods	MAJOR	IMPROBABLE	MODERATE 20
R12	Fires	MAJOR	RARELY	LOW 10
R13	Personal demotivation	MAJOR	PROBABLE	ALTA 40
R14	staff training	MAJOR	POSSIBLE	ALTA 30
R15	product storage	CATASTROPHIC	PROBABLE	EXTREME 60

Source: Own.

- Continuous improvement of processes and procedures: this management system is a methodology that seeks to optimize products, services and processes to be more efficient in daily work activities and thus achieve compliance with the objectives, ensuring the smooth operation of the company.
- Action plan: take measures or action plans to the deviations found and thus give an improvement action through training according to requirements of the work environment that allows to achieve a culture of risk prevention, as well as awareness on the part of the company's staff.
- Occupational health and safety: the company is committed to comply with the legal provisions in force and tending to guarantee the mechanisms that ensure a timely and adequate prevention of occupational accidents and occupational diseases
- Information security: the company must implement actions to preserve the confidentiality, integrity and availability of information, as well as the protection of information systems from unauthorized access, use, disclosure, interruption or deletion.
- Social welfare and incentives: programs should be developed to improve the quality of life of the people linked to the company and their families through active breaks, walks, recreational activities, among others, to get them out of their daily routines and achieve a better work performance.
- Maintenance plans: implement maintenance plans for the company in general, both for internal and external personnel, as well as for the facilities of the different sites, in order to have an adequate and safe space for the performance of the employees.
- Environmental Management Plan (EMP): Development of talks on environmental awareness, recycling management, plant and water care, and awareness of good environmental practices.

According to the above, the risks in the extreme zone should be prioritized, but without leaving aside the other risks in the high, low and moderate zones,

Table 2. Criteria for risk treatment.

CRITERIA	DEFINITION
Assume the Risk	When a risk is located in the low zone of the heat map, the risk is accepted, i.e. it will not be necessary to adopt measures that affect the probability or impact of the risk. This criterion also applies to those risks for which controls cannot be established. It is important to bear in mind that in the case of corruption risks, none of them can be accepted.
Risk Avoidance	In this case, a decision must be made not to carry out or not to continue with the activity that causes the risk and applies when the risks are too extreme.
Risk Sharing or Risk Transfer	Risk may be shared or transferred to other organizations when it is considered that there is insufficient capacity or expertise to manage it. The most common ways of sharing or transferring risk are through insurance or outsourcing. Risk transfer mechanisms should be supported by a contractual agreement.
Reducing risk	Implies implementation of controls to minimize the probability of occurrence and impact of the risk or both.

Source: Guide for Risk Management and design of controls in public entities of the Administrative Department of Public Administrative Department of the Public Function 2018.

since the constant growth of the company depends on the treatment of each of these risks.

4.2. Identification of Controls

The implementation of controls are those measures aimed at preventing and detecting the materialization of risks. They must be evaluated and classified in order to understand their seriousness in case they occur. So the identification of controls is to verify if the proposed actions are being carried out within the management system for them it is necessary that the people who will execute them are fully trained.

4.3. Classification of Controls Preventive Control

This control eliminates the cause of the risk to prevent it from occurring. Preventive controls are internal and are the responsibility of the company's management or auditing systems. Their purpose is to evaluate what is being done as an activity is being developed to enable a problem to be corrected when it appears.

4.4. Corrective Control

It is characterized by taking actions to prevent undesired events, so corrective control activities should solve and avoid errors, minimize the impact of the threat, identify causes of the problem and if the threat has already materialized, it should be corrected.

5. Conclusions

With the development of the work the benefits of implementing a risk management system in the companies, where it starts with an identification, analysis, assessment and finally the control of risks, likewise the distribution area and the sales room, it was identified that there are many problems that have been presented for a long time and that with the identification, analysis and assessment it will be possible to initiate a treatment to mitigate the risks encountered.

On the other hand, to control the training and continuous evaluation of the employees in charge of the sales, dispatch and transportation areas to help correct the major problem, which is the delay in delivery times, so that they can have higher sales and more satisfied customers.

Recommendations

Develop a plan to hire new trained personnel to increase the number of employees and at the same time help mitigate the deficiencies that are occurring at the point of sale, which allows for continuous training and evaluation of the employees in charge of sales, shipping and transportation to help correct the major problem, which is the delay in delivery times, so that they can have higher sales and more satisfied customers.

Based on the results established, it is advisable that according to the causes and consequences identified and the impact that has or could have when the risks materialize within the company in which the study was conducted, to implement all the suggested action plans and those that the company considers important to reduce and mitigate those shortcomings that came to affect it either in the short, medium or long term. It is also necessary to carry out a constant and quarterly follow-up on the treatment of the risks in order to demonstrate the results.

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