

The risk management system is an important element of the functioning of financial institutions. Decision making in a risk environment includes several components, the main of which is risk reduction tools. In world practice, the arsenal of tools is quite developed, and in the Ukrainian financial system, the practice of using approaches to reduce risk is limited due to the relatively short time of the financial market economy functioning. An economic entity is forced to independently take measures to reduce the degree of influence of entrepreneurial and financial risks.

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RECENT TRENDS IN MANAGEMENT

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Recent trends in management refer to the latest managerial practices that managers use to effectively manage their employees. As the market situation evolves, the managerial trends also evolve and change. These changes are subject to the market conditions of that time period. The most popular recent trends in management are Total Quality Management and Risk Management.

1. Total Quality Management.

All business management principles unanimously agree on the importance of quality. One can measure the success of an organization from the quality of its goods and services. Due to the importance of this factor, total quality management has gained vast prominence over the years. Managers

strive to maintain the highest quality standards to meet their market competition. Quality is one of the most important factors determining the success of a business. Customers always consider the quality of a business's goods and services while purchasing them. In fact, in some cases, quality gets prominence over price as well. Good quality of products always gives every organization a strong edge over its competitors. It also rewards the business with customer patronage, word of mouth and goodwill. It is because of these benefits that total quality management has become so important. Another thing one needs to understand is that quality management does not relate to just production-related functions. Other managerial activities like planning, organizing, controlling, etc. also require quality standards.

Furthermore, quality management previously came under the domain of managers only. These days, however, every employee of an organization is responsible for this. Firstly, supervisors at the lower levels of management maintain quality in production and distribution. Next, managers ensure quality in functioning and implementation. Finally, even the top management has to adhere to quality in decision making, planning and controlling.

2. Risk Management:

The concept of risk management originates from the business of insurance. It has assumed significance over the years as an important function of management. It basically consists of five processes that aim to mitigate business losses. No organization can completely eliminate risks but it is certainly possible to prepare for them. Risk management basically means the identification and mitigation of losses. It is a systematic process by which an organization identifies, analyzes, prepares and reduces losses. Management of risks has, these days, become an inherent part of decision making and planning. Employees at all levels, from top management to lower levels, have to deal with risks. This, in turn, implies that risks can affect all aspects of an organization's management. Hence, knowledge of risk management is crucial for every organization. Risk management is a systematic process that deals with the problem of uncertainty. It is an important discipline under the broad subject of management. Secondly, one can also refer to it for responding to undesirable events. In this regard, it helps in preparing for worst-case scenarios. Lastly, it is also a system that helps in making choices. It provides various alternatives and approaches to help managers select one that has minimum chances of losses.

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