Risk Management: Political, Economic, Social, Legal And Technological Factors

1. Political Factors:

Political risks can be caused by many different issues, such as changes in the legislation, government, and by situations where political protests may be involved. Although there are other factors that may be contributed to the political factors, these can include employment issues, government debt, and climate initiatives.

Political factors cannot be directly controlled by an organisation, however if the organisation is fully informed of the situation it will be able use suitable techniques to identify risks. These risks dont just occur externally within the government or outside environment they can occur internally especially within a large organisation. Management power play is a main political factor within an organisation as well as a high level of staff dissatisfaction. These factors can not only impact the organisation, it can impact its employees as well.

2: Economic Factors:

A business can be impacted greatly by economic factors.

Some factors that may impact an organisation during an economic crisis can include:

- changes in profit and loss, this is a good indicator the organisation has been exposed to an economic downturn and will show in the organisations trading activity and revenue.
- people tend to be more discrete with their spending
- there is a higher risk of unemployment
- the confidence in consumers will become less as they have restricted access to consumer credit.

3: Social Factors:

There are constant changes in social trends within society which can attract or effect an organisations target market and profiles. These changes can occur either straight away or over time, and organisations may not be aware of or able to adapt to these changes in time. Some trends can include:

- The customer’s needs, expectations and values of a product, service or cost.
- Purchasing behaviours which might include but not limited to an Increase in online purchases from overseas suppliers or retailers.
- Customer expectation regarding employees work conditions, safety which can affect the organisations brand or image.

If the organisation cannot adapt to the changes that have happened or in the process of happening, they will potentially lose their current customer base and new customers, therefore

the organisation must review and analyse what factors in terms of risks, changing in behaviours, values and trends within their purchasing population promptly.

4: Legal Factors:

There are many issues that need to be considered regarding legal factors for organisations. Such as changes to legislations, guidelines, and codes of practice. This may vary depending on the organisation, as some legislations such as health and safety and methods of transacting business within Australia and overseas can be industry specific.

If an organisation does not abide by or meet the standards specified in the new legislations it can become costly. Not only will it result in being issued fines, the organisations image can be damaged and may force the organisation to close or shut down. An organisation should always be aware of their responsibilities and must ensure that all legislations and codes of practice are considered a high priority within the risk management process, and by communicating any new changes throughout the company with their employees as soon as the issues arise.

5: Technological Factors:

In most organisations' technology is considered as a high-risk area as most company documents such as confidential files and information are stored electronically. If there is an issue with security products or the reliability of the technology these files can be accessed by unauthorised personnel.

Employees should also be fully trained in the practices for the operating systems in place to ensure that mistakes are not made, they should also be advised in what their usage requirements are for the use of social media, online go to meetings etc. For the technology to be up to date and reliable scheduled maintenance needs to be constantly monitored.

6: Policy context:

Risk management is a large part of an organisations success and should be reviewed regularly in order for policies and procedures to be up to date and are still relevant as legislations and procedures change.

Some things to consider when reviewing policies are

- Can the current policies and procedures be understood
- What weaknesses need to be addressed/are there any weaknesses in current plans
- How can the procedures be improved
- Does the plan align with the relevant ISO risk management advise and standards