



RISK IDENTIFICATION AND ASSESSMENT IN SUPPLY CHAIN

SATYENDRA KUMAR SHARMA*; ANIL BHAT**

*Faculty, Department of Management,
BITS, Pilani.

**Professor, Department of Management,
BITS, Pilani.

ABSTRACT

In recent times events like fuels crises, natural disasters, SARS have impacted companies to run their operation smoothly and serve customers in efficient manner. Risks to companies may be internal or external. Companies which recognize the risks in their supply chain, before they occur are better off than others. It resembles to prevention is better then cure.

It is difficult task to identify the various sources of risks in supply chain. Risks may come from many directions. There are many different types of risks that can threaten the business continuity. So manager's task of foreseeing and planning for risks is a complex process.

Risk is defined in terms of potential disturbances with their negative consequences. Importance attached to various types of risks in supply chain depends on frequency of risk events (probability of risk event) and severity of impact. Assigning probabilities and finding severity of various risk events is a scientific as well as subjective analysis. It is self assessment process in which management team need to actively participate to identify and quantify risks and vulnerabilities in their company's supply chains. Identification and assessment of risks is a crucial task before managers. Company wide risks management is addressed through the enterprise risk management (ERM) framework introduced by the committee of sponsoring organizations of the tread way commission (COSO).

Objective of this paper is to examine the various types of risks in a supply chain. Are risk events specific to industry or some risks are common to all industries and some are specific. Which risks can be shared with supply chain partners and which can

not be? What are various factors which affects the risk sharing among supply chain partners?

The methodology of the research paper will be exploratory in nature. The findings will be based on literature review, and expert opinion surveys.

KEYWORDS: *Supply chain, Risk events, Risk Identification, Risk assessment.*