

# TOWARDS IMPROVING RISK MANAGEMENT IN HEALTHCARE ORGANISATIONS IN AFRICA: A REVIEW

**ABOR, Patience Aseweh**

Department of Public Administration and Health Services Management  
University of Ghana Business School, Legon

*and*

**ABOR, Joshua Yindenaba**

Department of Finance  
University of Ghana Business School, Legon

## **Abstract**

*This paper undertook a survey of existing literature in risk management and proposed a framework towards implementing an efficient risk management system in Africa's healthcare organisations. The study recognises the relevance of risk management in healthcare organisations and asserts that there is no risk management system that can be said to be completely absolute. The main objective is to ensure that the healthcare institutions' identified risks are managed within acceptable levels. It is suggested that healthcare organisations should have a proactive risk management programme as opposed to a reactive one. This study identified Enterprise Risk Management (ERM) as involving the expansion of the role of risk management across the healthcare organisation by adopting a more holistic approach. Finally, the study proposed an ERM model to be implemented for effective risk management of healthcare institutions in Africa. We noted that by establishing an effective risk management system, healthcare organisations would be well positioned to successfully promote quality of healthcare and enhance performance, while managing the turbulent times of change.*

**Keywords:** Risk management, Healthcare risk, Healthcare organisations

## **1. Introduction**

The implementation of risk management in healthcare was as a result of the growing malpractice costs of insurance in the US (Woodfin, nd; Singh and Ghatala, 2012; Performance Management Network, 1999) and the need to improve health service quality and general performance of healthcare organisations. It has been practised in health facilities in the US since the middle part of the 1970s. Risk management is a well-known field in the financial services sectors and has been applied in the sectors since the beginning of the 1970s. The concept of risk management has since the 1900s been widely practiced in other sectors such as the health sector of most developed world.

In general, risk management is a systematic process for identifying and evaluating pure loss exposure an entity faces, selecting and implementing the most appropriate techniques for treating such exposure (Rejda, 1998). It is regarded as performing activities aimed at minimising the adverse effect of uncertainty with respect to possible losses (Schmit and Roth, 1990). Risk management is now an integral part of every organisation's operations, and its main aim is to support management activities so as to efficiently realise the organisation's objectives (Tchankova, 2002). It is imperative for firms' approach in risk management to be more proactive, rather than the reactive approach, which considers risk management as just an exercise of complying with existing regulation with the tendency of negatively affecting the institution (Akotey and Abor, 2013).

Developments in healthcare are associated with major challenges in healthcare organisations. In this changing environment, the quality of healthcare delivery and patient safety are clearly confronted with several challenges (Hickey et al, 2010; Briner et al, 2010). The incidence of healthcare risk, including near misses, errors, adverse events, and other health related incidents have notable effects on patients. This creates huge concerns for healthcare organisations. The Institute of Medicine (IOM) reported that as of 2000, most hospital risks were directly as a result of insufficiencies and defects in the system of healthcare (Adibi et al, 2012). It is argued that a high incidence of avoidable adverse events as a result of medical or clinical error emphasised the importance of having a national approach to making healthcare safe (Kohn et al, 2000). This called for efforts towards instituting healthcare risk management system in order to deal with the adverse effects of health risks on patients. A healthcare risk management system is expected to enhance the quality of health service and assist in ensuring patients' safety, as well as that of visitors and employees. It is also expected to lower the costs related to healthcare delivery (Verbano &Turra, 2010). Fernández-Castelló et al. (2018) present a standardised approach for examining the management of clinical risks under the framework for integrated risk management. They suggest that such a framework for risk management is necessary in preventing adverse events by enabling healthcare organisations to always ensure risk areas are identified, uncertainties managed and eventually optimise organisational preparedness to dealing with healthcare risks.

In spite of the concentrated attempt to improve healthcare organisations' safety, the rate of adverse events has not significantly improved (Shekelle et al, 2011; Wang et al, 2014; Owens et al, 2018). The issue is even more pronounced in developing countries, considering the enormous challenges confronting the healthcare system in Africa and other developing countries. The problems of high morbidity rates, complications, and medical mistakes and so on are prevalent in healthcare institutions, especially in Africa. Yet the issue of risk management in healthcare organisations is a fairly new concept in Africa. Unlike in developed countries, cases of medical negligence and malpractice in

Africa hardly ends up in the law courts. However, with advancement in information and communication technology (ICT) and increasing sophistication and exposure among Africans, the trend is changing. It should not be lost on us that very soon we will begin to witness many law suits against healthcare organisations in Africa and other developing countries for medical negligence and malpractice. This therefore calls for African healthcare institutions to begin to take risk management seriously. This paper provides a review of risk management in healthcare organisations. It undertakes a survey of the existing literature in the area and proposes a framework towards implementing an efficient risk management system in Africa's healthcare organisations.

The rest of the paper is organised as follows. Section 2 describes the methodology used in this review paper. Section 3 discusses what risk management in healthcare entails and looks at how to build an effective risk management programme. Section 4 provides a review of enterprise risk management. Section 5 shows how to employ a risk management model in healthcare organisations. Finally, section 6 concludes the study.

## **2. Methodology**

This study involved a desk review of risk management of healthcare organisations. We relied on online databases including Scopus, PubMed and Google Scholar. We searched for both theoretical and empirical literature on the subject matter. We specifically searched for literature on risk management in healthcare or healthcare risk management, building an effective risk management programme, and enterprise risk management. We also searched for literature from the websites of Committee of Sponsoring Organisations (COSO) of the Treadway Commission, the American Society for Healthcare Risk Management (ASHRM), the Healthcare Financial Management Association (HFMA), and the Canadian Healthcare Association. Following the review of the extant literature, we developed a model for the effective and holistic risk management in healthcare organisations, especially in Africa.

## **3. Risk Management in Healthcare Organisations**

### **3.1 What is Risk Management in Healthcare?**

How do we define risk management within the context of healthcare organisations? Risk management in healthcare is a systematic programme aimed at reducing preventable injuries and accidents and minimising financial losses to the organisation (Orlikoff and Vanagunas, 1988). Risk management in healthcare is also described as the clinical and administrative activities carried out in identifying, evaluating, and reducing patients, hospital staff, and visitors' risk of injury, as well as the organisation's risk of losses (The Joint Commission, 2007). It comprises the clinical, administrative systems and processes that the healthcare institution employs for detecting, monitoring, assessing, mitigating, and preventing risks in the institution. Healthcare institutions are able to proactively and

systematically ensure patients' safety and protect the organisations by employing risk management. According to Orlikoff and Vanagunas (1988), traditional programmes designed to manage risk in many healthcare organisations tend to concentrate on maintaining and improving facilities and equipment, and also ensuring the protection of the safety of patients, employees, and visitors. However, it is becoming increasingly obvious that the greatest risk of claims against healthcare institutions have to do with patient care, especially in obstetrics and general surgery. In their view, this realisation has widened the conventional scope by including activities aimed to identify, evaluate, and reduce patients' risk of injury in connection with healthcare.

Risk management in healthcare or healthcare risk management is also known as clinical risk management (CRM). According to Briner et al (2010), CRM involves the instruments, structures, processes, and activities targeted at identifying, analysing, preventing, monitoring, and managing clinical risks. Some of the primary objectives of CRM programmes include: (1) to decrease the occurrence of adverse events that are preventable and that result in liability claims by ensuring the maintenance or improvement in the quality of healthcare; (2) to lower the likelihood of filing a claim after an adverse occurrence by quickly identifying and following up of mal-occurrences; and (3) to assist in the control of costs of the claims that come up by immediately identifying and intervening with the patient and/or family<sup>1</sup> (Morlock and Malitz, 1991). Orlikoff and Vanagunas (1988) stress on the preventive aspects of risk management, which is conceptualised as an arrangement which follows these steps: prevention of the patient or others from a law suit; prevention of the patient from being injured iatrogenically; prevention of a claim being filed by the patient for malpractice; prevention of a claim being filed from continuing litigation; and prevention of the healthcare organisation's law suit loss. Without proper risk management system in place, a healthcare organisation could encounter more liability; healthcare of patients could suffer; workplace quality of healthcare staff could diminish etc., and all these would result in financial losses, if they are ignored by the healthcare organisation.

### ***3.2 Building an Effective Risk Management Programme***

Healthcare organisations need to have in place an effective risk management programme. A risk management programme involves the formulation of strategies to deal with risks affecting the healthcare organisation. Its purpose is to ensure the protection of patients, hospital staff and visitors from unintentional injury. The risk management programme is also aimed at protecting the healthcare organisation's financial and intangible assets, including its reputation and standing in the society.

Building a risk management programme requires the preparation of a risk management plan, which is core for the implementation of the healthcare organisation's

---

<sup>1</sup> US Gen Acct'g Office, Health Care Initiatives at I (cited in note 5).

overall risk management programme. It is the guiding document that assists the healthcare organisation in strategically identifying, managing, and mitigating risk. It is aimed at providing guidance and structure for the organisation's clinical and business services that improve the quality of healthcare to patients, while promoting a safe environment. Healthcare leadership and management need to be familiar with and involved in developing and evaluating the risk management plan on a continuous basis. The hospital board must also be involved in reviewing the organisation's annual plan and report on risk management, so as to integrate risk management into the overall strategic process (Performance Management Network, 1999; Patrick, 2004). The risk management plan communicates the purpose, scope, and objectives of the healthcare organisation's risk management procedure. It also defines the obligations of the risk manager and other hospital staff who have a responsibility towards managing risk. The risk management plan aims at providing a comprehensive approach to minimising risks. Activities in connection with risk management include identification, investigation, analysis, evaluation, selection and implementation of the most appropriate means of correcting, reducing, managing, transferring and/or eliminating risks<sup>2</sup>.

### ***3.3 Steps Involved in Effective Risk Management Programme***

The Canadian Healthcare Association (2002) and the Canadian National Steering Committee on Patient Safety (2002) suggest that to be able to establish functional risk management, healthcare organisations need to address three systemic barriers. They are: a punitive culture of blame that pushes issues regarding risk at the background; inability to implement a systemic approach that enables staff to effectively learn from adverse occurrences; and uncoordinated mechanisms for reporting and analysing risk (Patrick, 2004). Though research on risk management in healthcare is still relatively new (Bryant and Hagg-Ricket, 2001), it is recommended that in addition to dealing with these barriers, building an effective risk management programme also requires some basic fundamental elements: a formal structure, appropriate scope covering the types of risk, the risk strategies and well defined procedures. Therefore, implementing an effective risk management programme should involve some stages, as follows (see Bryant and Hagg-Ricket, 2001; Patrick, 2004):

- determining the coverage of the risk management programme;
- choosing a type of structure and the essential features to aid the programme;
- identifying the risk management strategies and processes of regulation needed for considering specific patients;
- implementing coordinated mechanisms for tracking, measuring and analysing risk;
- promoting the safety of patients as well as a disclosing culture throughout the healthcare organisation;

---

<sup>2</sup><https://www.coursehero.com/file/23775559/Risk-Management-Plan-Template-04012010/>

- conducting on-going educational programmes on risk management for all staff;
- designing systems of communications for the dissemination of risk incidents information widely; and
- monitoring and evaluating the efficiency of the programme on a regular basis.

It is also important to consider basic requisites of building the risk management programme of a healthcare organisation and these include: the risk manager's appointment with the support of hospital board, CEO, medical staff, and other parts of the healthcare institution's community; the risk manager making the necessary rounds and meeting heads of department to familiarise him/herself with the risk management responsibilities; and, the implementation of the risk management activities with support from the risk management committee to ensure that the healthcare organisation is doing what is necessary to manage risk (Dankmyer and Groves, 1977). Guo (2015) suggests that the risk management programme should aim at identifying, analysing, and eliminating actual and potential risks. It needs to also ensure that communication, consultation, monitoring, and review systems are established to help in preventing risk, and facilitating the constant enhancement of risk management competences

### **3.4 Components of Risk Management Programme**

The healthcare risk management programme includes the following important components<sup>3</sup>:

Event/Incident/Occurrence reporting: this is aimed at providing a systematic, organisation-wide programme of reporting risk exposures to identify potential liability in future. The risk management programme involves a system for reporting events used for identifying, reporting, tracking, and trending event patterns with the possibility of triggering adverse patient outcomes or injuries to people, assets and properties of the organisation. It is aimed at reducing injuries that are preventable and damage to properties as well as minimise the financial gravity of claims. It is the risk manager's responsibility to track events' data so as to report what is he/she finds to the department responsible for improvement in quality/performance and the departments concerned with following up on the events for the necessary action to be taken.

Reporting activities associated with risks management as part of the process of improving quality/performance: the effectiveness of activities in connection with risk management is dependent on collaborating with activities in relation to quality/performance improvement. Therefore, the risk manager works with hospital staff in charge of quality/performance improvement to ensure proper coordination of activities between both areas. This enhances the process of identifying and resolving risk and issues of quality.

---

<sup>3</sup><https://www.coursehero.com/file/23775559/Risk-Management-Plan-Template-04012010/>

Educational activities: these have to do with the risk a manager facilitating orientation programmes for new employees, including those engaged on contract basis. A dedicated annual educational programme is delivered to concentrate on awareness creation regarding risk exposures and activities regarding how current risk can be prevented. Other in-service and training programmes need to be offered as identified through the constant events monitoring, tracking and trending and/or as a member of staff in the organisation requests.

Management of complaints/grievances by patients and family: this involves the organisation putting in place a formal written procedure for managing complaints/grievances by patients and family. This procedure needs to specify responses to and how complaints by patients and family are resolved. It must comprise time frames for the responses; the chain-of-command used in resolving problems, and documenting the activities concerned.

Patient satisfaction: it involves the organisation measuring patient satisfaction and responding to matters that have been pinpointed in patient satisfaction surveys. The risk manager monitors complaints and reports such findings in relation to quality/performance improvement. Equally important is risk management's exact involvement in resolving complaints appropriately.

### **3.5 Benefits of Effective Risk Management Programme**

A number of tangible benefits have been identified to be associated with establishing an effective risk management programme, including<sup>4</sup>:

- **Ensuring compliance**– An important benefit of an effective risk management programme is ensuring that the healthcare organisation is complying with several key aspects of accreditation. The risk management programme needs to receive oversight responsibility by the hospital board. In some jurisdictions, an effective risk management is a requirement for obtaining facility license. Others require having a licensed healthcare risk manager.
- **Identifying weaknesses in connection with system and healthcare provider before the occurrence of an adverse event**–Establishing an effective risk management programme in a healthcare organisation is the organisation's first line of defence in identifying a weakness or failure in the system prior to its occurrence and mitigating or minimising any possible loss after its occurrence.
- **Mitigating or reducing possible loss after the occurrence of an event**– Healthcare providers are likely to be exposed to significant adverse patient outcome, especially if

---

<sup>4</sup><https://www.beckersasc.com/asc-accreditation-and-patient-safety/5-tangible-benefits-of-an-effective-risk-management-program.html>

they have practiced long enough. Adhering to the principles of an effective risk management programme helps in mitigating collateral losses following an adverse event.

- **Providing a framework for obtaining data to improve patient outcome**— An effective risk management programme provides sufficient opportunities for meaningful studies on quality improvement, which positively impacts patient outcomes. If the hospital encourages staff to document events of any form that deviate from the healthcare organisation's policies and procedures or expected outcomes, then tracing these documented events assist in identifying areas of studies in future. If the hospital is asking staff to report anything that varies from its expectations, then such event information can be gathered and tracked, which will be useful in formulating future studies. This should help to improve patient outcome or quality of care and thus reduce risk.
- **Reducing the number, type and severity of adverse events**— Though no risk management programme is capable of preventing all manner of adverse events, it is possible to reduce the number of events if the healthcare organisation is entirely engaged, recognises the protection it receives through risk management, and is keen on encouraging its staff to be involved in risk management.

Risk management in healthcare organisations establishes the required framework to improve patients' quality of healthcare in a proactive and systematic manner, and at the same time minimising risks in relation to operations and finance. The present attention of risk management in healthcare is moving away from mainly a reactive approach to a proactive one through predictive modelling and risk stratification to dealing with risk away from the safety of patient and medical liability (Park and Sharp, 2019).

As mentioned earlier, the traditional focus of risk management in healthcare was on safeguarding patient safety and minimising medical liability. Nevertheless, given the ever-changing trend in healthcare and medical practice, healthcare institutions are extending their risk management programmes from this traditional reactionary approach of promoting patient safety and preventing legal risk to a more proactive view of risk management through a much broader perspective of the overall healthcare ecosystem. Currently, risk management involves a wider scope known as Enterprise risk management (ERM). The Healthcare Financial Management Association (HFMA), however, observed that in spite of the current increasing relevance of programmes and the increased awareness of their significance, many providers of health service have been sluggish in adopting a more sophisticated approach to minimising risk. The Association further observed that the present situation for many providers of healthcare falls between 'basic' and 'evolving' maturities for ERM programmes (NEJM Catalyst, 2018).

We now discuss the concept of ERM in healthcare.

#### **4. Enterprise Risk Management in Healthcare**

Prior literature has looked at the issue of ERM in other industries (see Bromiley et al, 2015; Fraser and Simkins, 2016). Some studies are now examining how to apply ERM to healthcare organisations (Etges, et al, 2018; Etges, et al, 2019). Etges et al. (2018) found in their study that in healthcare organisations, ERM is recently becoming a key strategy.

ERM in healthcare involves the expansion of the role of risk management across the healthcare organisation by adopting a more holistic approach. It expands the traditional view of risk management, which focuses on patient safety and medical liability, with a “big picture” approach to risk management across the organisation. ERM involves the process of setting the strategy and framework for managing risks across the entire organisation. The Committee of Sponsoring Organisations (COSO) of the Treadway Commission (2004) indicates that ERM is an approach that facilitates value-focused management that allows for financial transparency and ensures that the efficiency of enterprises is enhanced, particularly by developing a management strategy driven by business values (Troyer et al, 2005; Celona et al, 2010). Within the context of healthcare organisations, although ERM is still new, its implementation has been regarded in the extant literature as a strategic approach to improving the quality of health service (Haney et al 2013; Bruney and Salter, 2014) and ensuring the financial health of healthcare organisations (Gallagher et al. 2006).

ERM involves a process that is affected by an organisation’s board, management and other staff. It is applied in a strategy setting across the organisation, which is designed for identifying possible events that are likely to affect the organisation and managing risks within a defined risk appetite, and providing sufficient assurance with respect to the realisation of the organisation’s strategic objectives. There are two main approaches an organisation may consider in managing risks. It may decide to manage each risk at a time, or it may decide to manage the risk in a holistic manner. The second approach is what is known as ERM (Nocco and Stulz, 2006). Bromiley et al (2015) indicate that ERM allows for a robust, quantitative, and economic appreciation of risks and communicates the effects of such risks on the organisation at every level.

Crouhy et al (2005) and Epetimehin (2014) explain that the building blocks that form the core of ERM in healthcare organisations are policies, methodologies and infrastructures. Policies detail the risk tolerance that the health organisation has. These policies must be consistent with organisational strategy and need to communicate both internally and externally. The methodologies serve as the fundamental models for tying back into performance management. It is important to properly design, implement and examine these models. The infrastructure has to do with having in place the right human resource, and processes, including systems established for controlling and reporting risks (Crouhy et al 2005; Epetimehin, 2014).

One of the main reasons for using ERM models in healthcare is to enhance performance, whilst taking into consideration those characteristics that are peculiar to healthcare institutions contrary to other organisations (Celona, et al, 2010; Etges et al, 2019). Some of the benefits identified with respect to ERM include: 1) better awareness of the risks confronting the organisation and the ability to effectively provide appropriate responses; 2) increased confidence regarding the realisation of strategic objectives; 3) improved compliance with legal, regulatory and reporting requirements; and 4) enhanced effectiveness and efficiency regarding the operations. ERM embraces eight main risk domains, which, include operational, clinical and patient safety, strategic, financial, human capital, legal and regulatory, technological, and environmental- and infrastructural- based hazards (Carroll, et al, 2017). These are presented in Figure 1.

**Figure 1:** The Eight Risk Domains of ERM

The Eight Risk Domains of Enterprise Risk Management



Source: ASHRM Enterprise Risk Management: A framework for success  
NEJM Catalyst (catalyst.nejm.org) © Massachusetts Medical Society

The American Society for Healthcare Risk Management (ASHRM) suggests that “ERM in healthcare promotes a comprehensive framework for making risk management decisions which maximise value protection and creation, by managing risk and uncertainty and their connections to total value.” According to Carroll (2014), the elements of ERM involve the following:

1. Comprehensive framework – includes an organisation-wide approach to managing risk. This involves collaboration amongst disciplines such as leaders in patient safety, executive team, compliance, quality, and clinical teams.

2. Value protection – includes focus on quality outcomes, patient safety, and efficient use of resources.
3. Value creation – involves strategies to enhance market share, increase return on investment (ROI), and improve patient satisfaction.
4. Managing uncertainty – reduces risks, promotes standardisation and reduces variability.

An organisation's strategy, structure, culture, and risk exposure are important determinants of its implementation of ERM in its processes. ERM involves the eight key components, which are derived from the COSO ERM framework, including (see COSO, 2004; Yadunath, 2018):

- i. Internal environment – Management sets a philosophy with respect to risk and establishes a risk appetite. The internal environment comprises the tone of an organisation, and it establishes the basis by which an organisation's staff consider and address risk and control. It is important for top-level management to state the essence of ERM across all levels of the organisation.
- ii. Objective setting – Objectives need to present before management can recognise likely events that affect their realisation. ERM helps by ensuring that management has instituted a process for setting objectives and the said objectives support and are aligned with the organisation's mission and these are also in line with its level of risk appetite.
- iii. Event identification – Potential events that could affect the realisation of the organisation's objectives need to be identified. This involves recognising potential events from both internal and external sources impacting on the realisation of the objectives. It involves differentiating between events that represent risks, those that represent opportunities, and those that may be both. Opportunities are channelled back to management's strategy or the processes of objective-setting.
- iv. Risk Assessment – Risks identified are analysed, which forms the core for ascertaining how to manage the identified risks. Risk assessment is carried out on an inherent and residual basis, with the assessment having to take into consideration both the likelihood and impact of risk. Risk assessment needs to be carried out on a regular basis throughout the organisation. The framework places much importance on risk assessment by emphasising on both qualitative and quantitative methods of risk assessment.
- v. Risk Response – The overall risk exposure determines the risk response. Personnel focus on identifying and evaluating possible risk responses, including having to avoid (or evade), accept, reduce, and share or transfer risks –

- developing a set of actions aimed at aligning risks with the organisation's tolerance for risk and level of risk appetite.
- vi. **Control Activities** – These involve instituting policies and procedures and implementing them in order to ensure that risk responses are undertaken throughout the entity in an effective and consistent manner. The control activities entail how to formalise risk response in the organisation's policies, ensure clear accountability, utilise self-assessment and monitor tools and design controls into the systems and important processes.
  - vii. **Information and Communication** – Information and communication channels need to be instituted in order to ensure the entity is conscious of risks within its scope of responsibility and approach to mitigate negative outcomes. Under this, important information is identified, captured, and communicated in a form with time frames that help staff to carry out their responsibilities. Effective communication also takes place in a wider sense, moving down, across, and up the organisation. Information is needed at every level of the organisation for identifying, assessing, and responding to risk.
  - viii. **Monitoring** – The overall ERM is monitored and where necessary, the required modifications effected. Monitoring is undertaken through continuous management activities, separate evaluations, or both. In that case, it can react in dynamic manner, changing as situations may necessitate.

## **5. Towards a Risk Management Model in Healthcare Organisations**

Healthcare organisations are expected to provide an environment, which is safe for their patients and staff (Hare et al, 2006). The extant literature is clear on the need for healthcare institutions to adopt risk management so as to improve quality of patient care and also protect the organisation from risk of loss, thus enhancing its overall performance. A number of studies especially in developed countries support the establishment of risk management in healthcare. Guo (2015) observed that implementing the concepts described in AS/NZS 4360 risk management standards (jointly developed by Australia and New Zealand to satisfy both country's standards) allowed for establishing a risk management plan with systems for monitoring and evaluation, and channels for communication, consultation, and feedback that can assist to prevent major accidents. Briner et al (2010) recognise that monitoring hospital or clinical risk management focuses mainly on resources, structures, and processes, but clinical risk management ultimately aims at improving patient safety as well as medical services and care.

The findings by Morlock and Malitz (1991) also support some of the main principles in the literature on hospital risk management, including the relevance of educating clinicians about their responsibilities in risk management, formalising communication channels in facilitating early intervention with patients and their families after adverse medical events, and instituting a strong organisational structure for handling information produced by occurrence screening or clinical incident reporting. Neale (1998) and Neale (2001) showed that risk management provides the foundation for minimisation of medical errors and improvement of safety of patients in healthcare organisations. They suggest the need to implement risk management as strategies and practical plans simultaneously and that healthcare providers need to be well trained and better oriented about the various risk management guidelines. Adibi et al (2012) also suggest that risk management of healthcare organisations needs to be focused on building education and culture in the facility. In a study on hospitals in US, UK and other countries, Kaya et al (2016) indicate that there is a huge potential for improving risk management practices and that risk management practices could be developed to focus on safety culture, involvement of staff, training on safety, reporting systems for risk and risk management instruments.

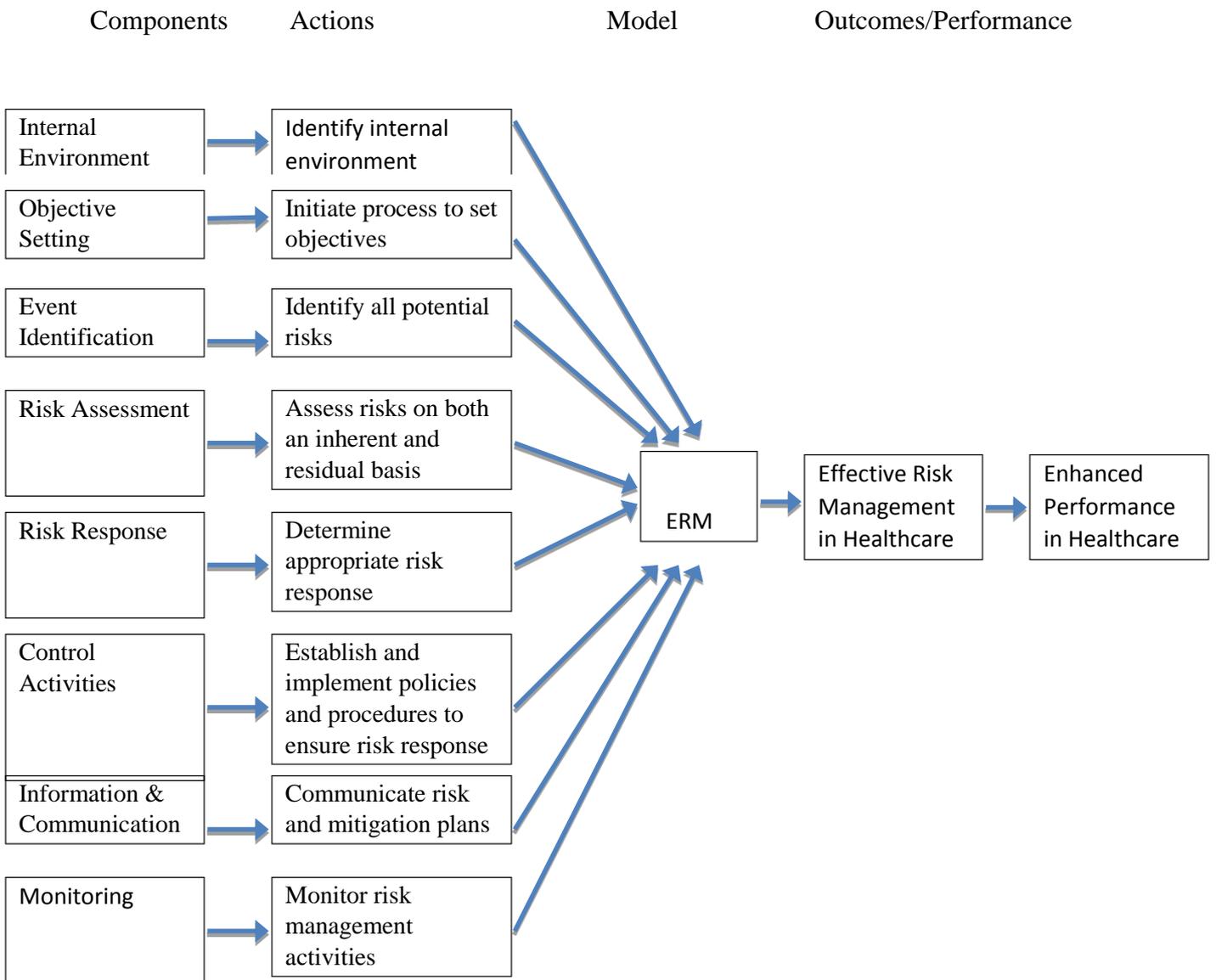
Standard practice requires that apart from dealing with the three systemic barriers (i.e. a punitive culture of blame that pushes issues regarding risk at the background; inability to implement a systemic approach that enables staff to learn from adverse occurrences in a more effective manner; and uncoordinated mechanisms for reporting and analysis) identified by the Canadian Healthcare Association and the Canadian National Steering Committee on Patient Safety, an effective risk management programme should include formal structure, sufficient scope to include all types of risk, risk strategies and clearly defined procedures (see Performance Management Network, 1999; Bryant and Hagg-Ricket, 2001; Patrick, 2004).

The literature and current practice also propose a holistic approach to managing risk in healthcare organisations – the ERM framework. Etges et al (2018) explored how healthcare organisations in the US and Brazil are structuring and implementing ERM processes. They confirm in their study, that implementing ERM for healthcare organisations, has had some traction in recent times and is becoming a key strategy. They conclude by proposing an ERM model for healthcare. Etges et al (2019) later explored the main techniques for implementing ERM in healthcare, which is recognised in the framework of their earlier study. They generally propose an ERM model for health organisations based on their study of Brazilian hospitals. They however indicated that risk managers from various health facilities could look for suitable methods that allow them to implement ERM in their organisational structures, taking into consideration the extent of detail and complexity that a healthcare organisation is prepared to take. COSO (2004) identified the key components of the ERM framework to include Internal

environment, Objective setting, Event identification, Risk Assessment, Risk Response, Control Activities, Information & Communication, and Monitoring.

There seems to be a dearth in the literature on risk management in healthcare organisations in Africa. The few studies suggest that healthcare organisations in Africa do not comply with the broader definition of risk management as prescribed by theory. They tend to apply the most rudimentary risk management practices (Da Costa, 2000; Abor and Bonsu, 2020). Following the discussion on the need to adopt and implement a holistic or overall risk management framework (i.e. ERM), we propose the model in Figure 2, which is expected to lead to an effective risk management in healthcare organisations in Africa. An effective risk management system will thus result in better health outcomes and enhanced performance of healthcare institutions in Africa.

**Figure 2: ERM Framework**



**Source:** Authors' construction

## 6. Conclusion and Implications

The concept of risk management has been examined mainly in other organisations. Very little is known about risk management and its application in healthcare organisations, particularly within the context of developing countries. This study surveyed and analysed the extant literature on risk management in healthcare and proposed a model that can be adopted by healthcare organisations in Africa. The study recognised the relevance of risk management in healthcare organisations. It is expected that with changing trends in the healthcare sectors in Africa, many law suits against healthcare organisations for medical negligence and malpractice will become common. This calls for the need to implement risk management in healthcare institutions to safeguard patient safety and minimise losses, in order to enhance performance. It is important to note that there is no system for risk management that can be said to be entirely perfect. The main objective is to ensure that healthcare institutions' identified risks are managed within acceptable levels.

There are suggestions regarding the need to have a proactive risk management programme as opposed to a reactive one. Taking a proactive risk management approach may prevent certain losses and expenses that could otherwise affect the healthcare organisation. The literature also proposes the adoption of a comprehensive risk management beyond the traditional risk management approach, which focuses on patient safety and medical liability to risk across the healthcare organisation. It identifies ERM as involving the expansion of the importance of risk management across the healthcare institution by adopting a more holistic approach. This study proposes that an ERM model will result in an effective risk management for healthcare institutions in Africa. We noted that by establishing an effective risk management system, healthcare organisations would be well positioned to successfully promote quality of healthcare and enhance performance, while managing the turbulent times of change.

## References

- Abor, P. A. and Bonsu, B. (2020). Clinical risk management in a Ghanaian hospital, Working Paper, University of Ghana Business School.
- Adibi, H., Khalesi, N., Ravaghi, H., Jafari, M. and Jeddian, A. R. (2012). Development of an effective risk management system in a teaching hospital, *Journal of Diabetes & Metabolic Disorders*, 11:15, <https://dx.doi.org/10.1186/2251-6581-11-15> (Date accessed: 1<sup>st</sup> July 2020)
- Akotey, J. O. and Abor, J. (2013). Risk management in the Ghanaian insurance industry, *Qualitative Research in Financial Markets*, 5(1): 26-42.
- Briner, M., Kessler, O., Pfeiffer, Y., Wehner, T., & Manser, T. (2010). Assessing hospitals' clinical risk management: Development of a monitoring instrument, *BMC Health Services Research*, 10(1): 337. <http://dx.doi.org/10.1186/1472-6963-10-337> Date accessed: 7<sup>th</sup> July 2020
- Bromiley, P., McShane, M., Nair, A., and Rustambekov, E. (2015). Enterprise risk management: Review, critique, and research directions, *Long Range Planning*, 48: 265–76 Date accessed: 4<sup>th</sup> July 2020

- Bruney, J. M., and Salter, J. (2014). Managing operational risk in an enterprise risk management framework, Source of the Document 29th Center for Chemical Process Safety International Conference, New Orleans.
- Bryant, J. and Hagg-Rickett, S. (2001). Development of a risk management programme in: R. Carroll, (ed.) Risk Management Handbook American Society for Healthcare Risk Management. San Francisco (CA): Jossey-Bass Inc. Publishers.
- Canadian Healthcare Association (2002). Patient safety and quality care: Actions required now to address adverse events. A Backgrounder Report; 2002.
- Carroll, R. L. (2014). Enterprise risk management: A framework for success. American Society for Healthcare Risk Management, <https://www.ashrm.org/sites/default/files/ashrm/ERM-White-Paper-8-29-14-FINAL.pdf> Date accessed: 6<sup>th</sup> July 2020
- Carroll, R., Hoppes, M, Hagg-Rickett, S., Youngberg, B. J., McCarthy, B. A., Kielhorn, T. and Driver, J. (2017). Enterprise risk management: A framework for success. American Society for Healthcare Risk Management. American Hospital Association 2017; Available online: [http://www.ashrm.org/pubs/files/white\\_papers/ERM-White-Paper-8-29-14-FINAL.pdf](http://www.ashrm.org/pubs/files/white_papers/ERM-White-Paper-8-29-14-FINAL.pdf) Date accessed: 6<sup>th</sup> July 2020
- Celona, J., Driver, J. and Hall, E. (2010). Value-Driven ERM: Making ERM an engine for simultaneous value creation and value protection, *Journal of Healthcare Risk Management* 30(4): 15–33.
- Commission of Sponsoring Organizations of the Tread way Commission (COSO) (2004). Enterprise risk management – Integrated framework, <https://erm.ncsu.edu/library/article/coso-erm-framework> Date accessed: 6<sup>th</sup> July 2020
- Crouhy, M., Galai, D. and Mark, R. (2005). Risk management New York: McGraw-Hill
- Da Costa, M. S. F. (2000). Risk management in health care in South Africa, Unpublished Thesis, University of South Africa  
[http://uir.unisa.ac.za/bitstream/handle/10500/16775/dissertation\\_dacosta\\_msf.pdf?sequence=1](http://uir.unisa.ac.za/bitstream/handle/10500/16775/dissertation_dacosta_msf.pdf?sequence=1)
- Epetimehin, F. M. (2014). The role of enterprise risk management in health systems Development, *IOSR Journal of Business and Management*, 16(9): 47-50.
- Dankmyer, T. and Groves, J. (1977). Taking steps for safety's sake, in hospitals, 51(10): 57-59, 66.

- Etges, A.P.B.S., Grenon, V., deSouza, J. S., Neto, F. J. K, and Felix, E. A. (2018). ERM for health care organizations: An economic enterprise risk management innovation program (E2RMhealthcare), *Value in Health Regional Issues*, 17: 102 - 108
- Etges, A.P.B.S., Souza, J.S., Neto, F.J.K., Felix, E.A. (2019). A proposed enterprise risk management model for health organizations, *Journal of Risk Research*, 22(4): 513-531
- Fernández-Castelló, A, Valle-Pérez P, Pagonessa-Damonte M. L, M Blazquez-Muñoz, M. and Tomás, J. F. (2018). An experience in integrated management of clinical risks, *Journal of Healthcare Quality Research*, 33(6): 311-3188.
- Fraser, J.R.S. and Simkins, B.J. (2016). The challenges of and solutions for implementing enterprise risk management, *BusHoriz*, 59: 689–98.
- Gallagher, T. H., Brundage, G., Summy, E. A., Bommarito, K. M., Ebers, A. G., Waterman, A. D., Fraser, V. J., Dunagan, C. (2006). National survey: Risk managers attitudes and experiences regarding patient safety and error disclosure, *Journal of Healthcare Risk Management*, 26(3): 11–16.
- Guo, L. (2015). Implementation of a risk management plan in a hospital operating room, *International Journal of Nursing Sciences*, 2(4): 348-354
- Hare, C., Davies, C. and Shepherd, M. (2006). Safer Medicine Administration through the Use of E-Learning, *Nursing Times*, 102(16): 25–27.
- Hickey, M. T., Forbes, M., & Greenfield, S. (2010). Integrating the institute of medicine competencies in a baccalaureate curricular revision: Process and strategies. *Journal of Professional Nursing*, 26 (4): 214-222.
- Kaya, G. K., Canbaz, H. T., Simsekler, M. C. E., Ward, J. and Clarkson, J. (2016). Risk management in hospital settings: understanding and improving the current practice, Proceedings of the Global Joint Conference on Industrial Engineering and Its Application Areas 2016, Istanbul, Turkey, July 14-15.
- Kohn L, Corrigan J. and Donaldson M. (2000). To err is human: Building a safer health system. Washington, DC: Committee on Quality of Health Care in America, Institute of Medicine National Academy Press, 2000.
- Morlock, L. L. and Malitz, F. E. (1991). Do hospitals risk management programs make a difference?: Relationships between risk management program activities and hospital malpractice claims experience, *Law and Contemporary Problems*, 54(2): 2-22
- National Steering Committee on Patient Safety (2002). Building a safer system: A national integrated strategy for improving patient safety in Canadian health care. Ottawa: Royal College of Physicians and Surgeons; 2002.
- Neale, G. (1998). Risk management in the care of medical emergencies after referral to hospital, *Journal of Royal College of Physicians of London*, 32(2): 125–9.

- Neale, G., Woloshynowych, M., and Vincent, C. (2001). Exploring the causes of adverse events in NHS hospital practice, *Journal of Royal Society of Medicine*, 94: 322– 330.
- NEJM Catalyst (2018). What is risk management in healthcare? *NEJM Catalyst Innovations in Care Delivery journal*, <https://catalyst.nejm.org/doi/full/10.1056/CAT.18.0197>Date accessed: 1<sup>st</sup> July 2020
- Nocco, B. and Stulz, R. (2006). Enterprise risk management: Theory and practice, *Journal of Applied Corporate finance*, 18(14): 8-20
- Orlikoff, J. E. & Vanagunas, A. M. (1988), *Malpractice prevention and liability control for hospitals* 34 (Am Hosp Pub, 2d ed 1988); Ruth Kilduff, *Clinical Risk Management- A Practical Approach* ix-xi (Interqual, 1985).
- Owens P, Limcangco, R. Barrett, M.L, Heslin, K.C., Moore, B. J. (2018). Patient safety and adverse events, 2011 and 2014. Healthcare Cost and Utilization Project Agency for Healthcare Research and Quality. Available online: <https://hcup-us.ahrq.gov/reports/statbriefs/sb237-Patient-Safety-Adverse-Events-2011-2014.pdf>Date accessed: 1<sup>st</sup> July 2020
- Park, S. J. and Sharp, A. L (2019). Improving health and health care efficiency through risk management, *Journal of Hospital Management and Health Policy*, 3(9) <http://dx.doi.org/10.21037/jhmhp.2019.04.02>Date accessed: 1<sup>st</sup> July 2020
- Patrick, L. (2004). Building an effective risk management programme in a healthcare setting, *Healthcare Management Forum*, 17(3): 27 – 29
- Performance Management Network (1999). A review of Canadian best practices in risk management. Report for the Treasury Board of Canada Secretariat.
- Rejda, G. (1998), *Principles of risk management and insurance*, Addison-Wesley, Reading, MA.
- Schmit, J.T. and Roth, K. (1990). Cost effectiveness of risk management practices, *The Journal of Risk and Insurance*, 57(3): 455-70.
- Shekelle P, Pronovost P, Wachter RM, et al. (2011). Advancing the science of patient safety, *Annals of Internal Medicine*, 154: 693-6.
- Singh, B. and Ghatala, M. H. (2012). Risk management in hospitals, *International Journal of Innovation, Management and Technology*, 3(4): 417 - 421
- The Joint Commission (200), *Improving America's hospitals: The Joint Commission's Annual Report on Quality and Safety*.
- Troyer, G. T., Brashear, A. D. and Green, K. J. (2005). Managing corporate governance risks in a non-profit health care organization, *Journal of Healthcare Risk Management*, 25(3): 29–34.
- US Gen Acct'g Office, *Health Care Initiatives at I* (cited in note 5).

Verbano, C., &Turra, F. (2010). A human factors and reliability approach to clinical risk management: Evidence from Italian Cases, *Safety Science*, 48(5): 625-639.

Wang Y, Eldridge, N., Metersky, M.L., et al. (2014). National trends in patient safety for four common conditions, 2005-2011, *The New English Journal of Medicine*, 370:341-51.

Woodfin, K. "History of health care risk management programs," in Core isk Services, Inc., Sandy, Utah, n.d.

Yadunath, N. (2018). Enterprise risk management framework: 8 core components, <https://www.saviom.com/blog/enterprise-risk-management-framework-core-components/> Date accessed: 6<sup>th</sup> July 2020<https://www.coursehero.com/file/23775559/Risk-Management-Plan-Template-04012010/http://dx.doi.org/10.1186/1472-6963-10-337>