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Master 1 Business/ Financial Management

### Risk Management vs. Crisis Management: Understanding the Difference:

In today's unpredictable business world, organizations must be prepared to handle potential ..... and disruptions. .... is a ..... that involves identifying, assessing, and ..... potential risks before they occur. These risks can be ....., operational, legal, or ....., such as economic downturns or cyber threats. The main goal of risk management is to ..... and prevent potential damage by implementing .....like contingency planning, ....., and compliance measures. By continuously monitoring risks, organizations can take preventive actions to ensure ..... and success.

On the other hand, ..... management is a ..... that focuses on responding to and recovering from ..... events that have ..... happened. A crisis can be caused by natural disasters, financial collapses, cybersecurity breaches, or ....., Unlike risk management, which aims to ..... problems, crisis management deals with ..... the damage, ..... stability, and ..... public trust. It involves swift ....., effective ....., and recovery strategies to..... the impact of the crisis and return to normal ..... as quickly as possible.

While both risk management and crisis management are essential for organizational....., they differ in ..... and ....., Risk management seeks to prevent potential threats before they ....., while crisis management handles ..... disruptions ..... they ..... A well-prepared organization integrates.....—by proactively managing risks to reduce vulnerabilities and having a solid crisis management..... in place to respond effectively when ..... arise. By balancing these two strategies, businesses can ..... their ability to navigate ..... and .....

### Questions:

**Task 01 :** Say whether the following statements are True (T) or False (F):

- Risk management is a reactive approach that focuses on handling crises after they happen. ....
- Crisis management aims to restore stability and maintain public trust after a disruptive event. ....
- The primary goal of risk management is to eliminate all potential risks. ....
- Crisis management includes swift decision-making and recovery strategies. ....
- Risk management and crisis management are completely independent of each other. ....

**Task 02:** Choose the best answer:

1. What is the main focus of risk management?
  - a. Responding to disasters after they occur
  - b. Identifying and mitigating potential threats before they happen
  - c. Managing public relations after a crisis
  - d. None of the above
  
2. Which of the following is an example of a risk management strategy?
  - a. Developing a crisis communication plan
  - b. Purchasing insurance to cover potential losses
  - c. Issuing a public apology after a scandal
  - d. Organizing a press conference after a cyberattack
  
3. Which of the following is NOT a part of crisis management?
  - a. Preventing potential threats before they occur
  - b. Restoring stability after an incident
  - c. Effective communication during a crisis
  - d. Making quick decisions in response to an emergency
  
4. Why is it important for organizations to integrate both risk and crisis management?
  - a. To completely avoid crises
  - b. To strengthen their ability to handle uncertainties
  - c. To eliminate all risks from their business operations
  - d. To increase financial losses

**Task 03:** According to the passage, answer the following questions:

1. Explain the key difference between risk management and crisis management.
  
2. Give two examples of risk management strategies.
  
3. Why is effective communication crucial in crisis management?
  
4. How can businesses ensure they are prepared for both risks and crises?