Vicente Academic Medical Center Case Study: Highlighting Healthcare Leadership's Role in Risk Management and Governance Training to Strengthen Oversight and Strategic Decision-Making

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ABSTRACT: Healthcare Enterprise Risk Management (HRM) Governance Training enhances the HRM implementation process and boosts oversight and strategic decision-making. The healthcare board's role in implementing an integrated HRM framework, setting strategic direction and risk appetite, and overseeing GRC frameworks should inspire confidence in leadership's influence on organizational resilience and risk management effectiveness, especially amid funding uncertainties. This reassurance encourages leaders to feel capable and motivated to drive change and is more effective when combined with HRM governance training. This case study review highlights that successful HRM implementation, continuous improvement, and risk management depend on engaging and training board members, executives, and risk-ownership committee members (strategy owners, risk-category owners, and functional owners), making them feel valued, responsible, and trained to promote an organizational-wide, risk-awareness culture that maintains and develops the organization's strategic goals and objectives. Preparing key strategic measures (e.g., aligning with the strategic plan, setting risk appetite and risk tolerance, and fostering a risk-aware culture) before launching HRM initiatives helps reinforce their importance and value in the process. A well-trained and engaged HRM board, executives, and risk ownership committee members are more confident in setting expectations for known, unknown, and unknowable risk events.

KEYWORDS: healthcare enterprise risk management (HRM), HRM governance board training, HRM strategic decision-making, HRM implementation and governance

Introduction

Vicente Academic Medical Center Case Study: Vicente Academic Medical Center (AMC) suffered multiple organizational risk exposures, necessitating leadership to

assess risk damage across numerous functional areas and provide an urgent response to financial, operational (including clinical patient safety and risk management), human resources, reputational, and political risk categories. The reputational damage and financial deficit resulted from a series of high-profile patient safety adverse events, negative media attention, and financial insecurity due to a proposed 25% reduction in NIH Federal funding (i.e., driven by political and economic uncertainty under new national leadership). The impact of federal funding cuts on political and financial risks may motivate more healthcare boards to adopt an integrated healthcare risk management (HRM) framework and to engage in HRM governance training.

The American Medical Colleges (AAMC) terms the recent disruptions in federal funding from the National Institutes of Health (NIH) an existential threat to medical schools, academic health systems, and biomedical research institutions (Jacka & Keller, 2012). The study highlights the unprecedented impact on the economy (2019 reported GDP $728 billion, high-paying jobs $7.1 million, and research activities $33 billion), healthcare, complex patient care, and critical treatment centers (i.e., burn, trauma, transplant, birthing, psychiatric, substance disorders, and cancer), and anticipates significant harm to biomedical research, medical education, and patient care (AAMC, 2025). For Vicente AMC, the federal cuts exacerbate existing clinical patient safety issues and financial and reputational risks. This paper asserts that Healthcare Risk Management (HRM) governance training, investing time and effort to design an integrated control HRM framework using problem-solving models, organizational culture theories and models, and employing change management to train and educate the organization, will help AMC leadership and staff feel supported, capable, and prepared for change and an effective HRM implementation producing a long-term solution.

Problem Statement

The healthcare board's role in implementing an integrated HRM framework, setting strategic direction and risk appetite, and overseeing GRC frameworks should inspire confidence in leadership's influence on organizational resilience and risk management effectiveness, especially amid funding uncertainties. This reassurance encourages leaders to feel capable and motivated to drive change and is more effective when combined with HRM governance training.

Background

The evolution and future of healthcare risk management moved toward an integrated HRM framework, led by HRM-trained boards, executives, and the risk ownership committee that oversees the eight HRM domains and enterprise-wide engagement. The AMC Board plays a pivotal role in the transformation from a reactive, traditional risk management (siloed) model to a proactive, board-driven,

enterprise risk management framework. One of the advantages of applying a comprehensive HRM framework that incorporates eight risk domains (operational, clinical and patient safety, strategic, financial, human capital, legal and regulatory, technological, and hazards) instead of the traditional (siloed) risk management model focused on patient safety and financial liability issues, is the ability for leadership to respond to healthcare risk and crisis that overlap across the eight HRM domains (NEJM Catalyst, 2018). The implications of training board members and healthcare executives to lead the implementation of an HRM risk management framework that identifies, prioritizes, mitigates, reports, and measures risk across the eight healthcare risk domains is a value-added step that improves organizational risk management, including improving clinical patient safety and reducing operational, financial, and reputational risk linked to strategic initiatives and objectives (ASHRM, 2025). Incorporating the proper steps for an effective board-driven HRM implementation is key for an organization like Vicente AMC to mitigate patient safety issues, prepare for future NIH funding uncertainty, and regain public trust.

Another advantage of expanding a healthcare organization, from a traditional risk management model to an integrated HRM framework, with a fully engaged and HRM-trained board, executives, and risk ownership committee members (three types of committee risk owners: strategy, risk-category, and functional responsible for results in each domain), is the HRM practice of establishing a risk-awareness organization culture. Moving from a traditional risk management, patient safety, and financial liability model, which uses key risk indicators (KRIs) or performance metrics to track progress and adverse events, to an HRM framework benefits the entire organization by fostering a more reliable, risk-aware culture and shared purpose, empowering leaders to drive meaningful improvements.

The need for healthcare organizations to transition from traditional risk management to an integrated HRM framework, or to improve their existing HRM framework, is clear. Applying organizational culture theories and models to encourage leadership buy-in and employee engagement, and to reduce resistance to change, will help Vicente AMC create a risk-aware culture. The Vicente Academic Medical Center Case Study demonstrates the importance of leadership engagement, organizational culture, and resource availability to the success of risk management. A long-term risk management solution requires the AMC to invest time and resources in expanding to an HRM framework and to ensure that proper HRM training begins within the governance domain (ASHRM, 2025). This approach aims to build their confidence in managing risks effectively.

The role and responsibility of the AMC board members and executives is to provide strategic planning and oversight (including establishing the organization's mission, vision, values, and goals), financial stewardship, quality of care, ethical standards, community engagement, and legal, regulatory, and

compliance. Healthcare Boards and executives responsible for the internal integrity and controls of an organization select, implement, and oversee an integrated control framework described by Sereda et al., (2005) as COSO ERM (emphasizes eight components: internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication and monitoring activities) or an ISO 31000 control (i.e., an international standard for risk management both threats and opportunities) framework, that integrates with HRM to address corporate governance, risk management, and compliance (GRC) (Trust Community, 2025).

Vicente AMC board members and executives play a critical role in assessing organizational readiness before, during, and after HRM implementation. Applying the ERM framework to each of the eight healthcare HRM risk domains will help leadership identify specific gaps, such as staff engagement and resource issues, fostering trust and confidence in their capacity to manage risks effectively and ensure successful implementation, and, more importantly, help the organization achieve its goals and objectives (Decker & Galer, 2013, pp. 43-44).

Discussion

Healthcare organizations require a substantial reduction in risk exposures across the eight risk domains that comprise the Healthcare Risk Management (HRM) framework. Board members must take several steps within the governance domain before expanding from a traditional risk management model or improving an existing HRM framework. The ASHRM (2025) HRM governance training lists five elements: Mission, Vision and Core Values, Strategy Development, Business Objective Formulation, Implementation & Performance, and Enhanced Value. The subtopics (Governance and Culture, Strategy and Objective-Setting, Performance, Review and Revision, and Information, Communication and Reporting) encompass 20 steps that support the five ERM elements (ASHRM, 2025). The HRM governance training guides participants through each step of HRM governance.

Governance and Culture

The five steps involved under the first HRM governance training element direct the board members to 1) exercise board risk oversight, 2) establish an operating structure, 3) define desired culture, 4) demonstrate commitment to core values, and 5) attract, develop, and retain capable individuals (ASHRM, 2025). The Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework, developed in 2017, provides the risk management standards that guide the ASHRM ERM Framework.

Healthcare leaders understand that organizational resistance to change is a significant contributor to the success or failure of an implementation project. A top leader in both academic research and practice, Michael McShane (2018)

argues that an interdisciplinary approach, using organizational design science to mitigate resistance to change and integrating ISO 31000 risk control system guidelines, provides an effective ERM implementation process (McShane, 2018). Other organizational culture models that promote buy-in and mitigate resistance to change include the Canoe Theory and Cultural Iceberg Model. The Canoe Theory: A Secret to Building People and Profit, for example, provides a guide to organizational learning, offering strategies for building and working together to move the team in the same direction and toward a common destination. It compares a canoe and its crew to an organization and its employees. A practical application of this theory is to optimize collaboration to achieve teamwork (paddle together) within an organization (Hibbard et al., 2001). The Cultural Iceberg Model identifies cultural influences in visible above-water and invisible below-water behaviors. Observable above-water behaviors include products, explicitly learned rules and phrases, and behaviors. Below the surface lie employee values, beliefs, worldviews, assumptions, thought patterns, and unspoken rules. This model contributes to leadership's understanding of behaviors that impact employee well-being, engagement, and retention (Badham et al., 2021). Developing a risk-aware organizational culture encourages employees to contribute (bottom-up) to risk strategies and business objectives, signaling to the AMC leadership some of the problems experienced on the front lines.

Strategy and Objective-Setting

The four governance training elements in this category require leadership to analyze the business context, define risk appetite, evaluate alternative strategies, and formulate business objectives (ASHRM, 2025). Incorporating change management models like the Deming PDSA Cycle, the Kaizen (Lean) that emerged from the Toyota Production System (TPS), and the Kubler-Ross Change Curve (i.e., Denial, Anger, Bargaining, Depression, and Acceptance) helps the organization accept change. The Kubler-Ross Change Curve provides organizations with a coping mechanism for emotional reactions to organizational change; however, one limitation of this model is the assumption that everyone follows the same emotional path at the same time (Volonte, 2025).

Performance

The five ERM governance training business objective formulation (performance element) begins the HRM implementation process by identifying risk, assessing risk severity, prioritizing risk, implementing risk responses, and developing a portfolio view. Emphasizing these strategic steps underscores their role in strengthening organizational resilience and engaging leaders in proactive risk management. Internal direct risk types can be controlled more efficiently by organizations. However, as risk shifts toward more unpredictable perceived or emerging risk types (i.e., those that usually affect reputational risk), it becomes

more difficult to control. A risk prioritization matrix is a quantitative assessment tool that assigns a likelihood (probability) of occurrence and a potential impact to each type of risk (e.g., direct, indirect, peripheral, perceived, and emerging risks) (Six Sigma, 2024).

Review and Revision

The fourth HRM governance training objective focuses on three elements: assessing substantial change, reviewing risk and performance, and pursuing improvement in enterprise risk management (ASHRM, 2025). The implementation of problem-diagnosis models and quality improvement methods helps AMC leadership, such as the Vicente AMC, focus on process improvement (PI), quality improvement (QI), and total quality management (TQM) methods. Inefficient problem-solving practices cost organizations millions of dollars in wasted resources and personnel time (Holland, 2026). Avoiding and overcoming problem-solving pitfalls, flawed solutions, and communicating strategy are significant challenges in implementing process improvement (Garrette et al., 2018). An important first step in problem-solving, identified in Fred Nickols' book and in "Thirteen Problem-Solving Models" (Problem Solver's Toolkit), is assessing, defining, investigating, and identifying the problem (Nickols, 2020).

Examples of quality improvement (QI) methods, such as Lean, Six Sigma, and the Plan-Do-Study-Act (PDSA) Cycle, are systematic and structured approaches used to improve standards and outcomes across sectors such as business, manufacturing, and healthcare (Barr & Brannan, 2024). W. Edwards Deming introduced the Plan-Do-Study-Act (PDSA) Cycle (Deming Wheel) as a systematic process for gaining valuable insights, which launched Toyota's commitment to continuous improvement and the Lean manufacturing quality control approach (Hunter, 2025). The Lean matrix 4 Ps of Process Improvement Methodologies include: Purpose, Process, People, and Performance (Richardson, 2012). Different models address different aspects of the 4 Ps.

A few examples of Williams' (2025) improvement methods and targets:

- Quality Improvement (QI) overall quality of products and services (customer expectations through culture of excellence).
- Total Quality Management (TQM) 8 Principles to improve quality and customer satisfaction.
- Process Improvement (PI) operational efficiency, effectiveness, and reducing waste (workflows).

Like a Russian Matryoshka nesting doll, we can imagine each type of management framework (e.g., QI, TQM, and PI) nesting within a broader ERM framework and a COSO or ISO 31000 internal control framework. Understanding what each framework entails and solves is key to selling the approach to the entire organization. All models are helpful and appreciated when implemented correctly and communicated properly to the entire

organization. One of the main challenges in implementing problem-solving models is individual resistance to change (Barr & Brannan, 2024).

Information, Communication, and Reporting

Effective communication, information sharing, and reporting are vital for building trust and clarity within the organization. These elements support leaders in creating a transparent environment that encourages staff engagement and aligns efforts toward shared risk management goals. The final objective of the HRM governance training is to create enhanced value through three elements: leveraging information and technology, communicating risk information, and reporting on risk culture and performance (ASHRM, 2025). Since the 1950s, the seminal study by Elliot Jaques, Changing Culture of a Factory, has well established the connection between a positive work environment and better performance outcomes (Zhenjing et al., 2022). The development of organizational culture from a psychological to a social framework (Schlemenson, 2006) and from a focus on workers to additional research on transformational leaders continues to evolve (Bass & Avolio, 1993). Additional models that help organizations succeed in organizational culture by providing a positive work environment and reducing resistance to change are the Denison Organizational Culture Model, which highlights four core cultural traits that improve operational performance and profitability: Mission, Adaptability, Involvement, and Consistency (Denison et al., 2012). A well-trained Vicente AMC board and HRM governance executives will have multiple organizational culture solutions to help the organization transform its current knowledge into an integrated HRM framework.

The Eight HRM Risk Domains

Operational

The risk category description for operational risk by Decker & Galor (2013) identifies six key processing risk factors: lack of clearly defined processes, defined processes not followed, lack of performance metrics, inadequate surge capacity, inadequate capacity to deliver services, and facilities not meeting customer requirements (e.g., laws and regulations). Failure in one or more of these operational risk factors impacts performance and operational costs (Decker & Galor, 2013). Operational risk factors related to organizational failures and fraud include internal integrity and controls that manage processes, human capital, and organization-wide system failures that Decker & Galer (2013) list as data loss, data breach, accounting and processing errors, lack of talented professionals, ineffective governance or control environment, and insufficient audit oversight, which also impact patient safety.

The supply chain function is perhaps one of the most valuable and vulnerable parts of a business enterprise, which means disruption of this function anywhere along the supply chain (from start to finish) can seriously impact productivity and profitability, with a potential to create a domino effect that can damage other risk function areas (e.g., financial, human resources, marketing, information technology, and investor relations) this video offers another layer of protection by introducing the Porter's Value Chain and the Prevention Preparedness Response and Recovery (PPRR) model (Fadun, 2021). It is essential to identify leaders who are responsible for each function, tool, strategy, framework, or what Decker & Galer (2013) called the risk ownership team (strategy, risk-category, and functional owners) that will apply and monitor the supply chain risk management process, for each layer of protection (Decker & Galer, 2013, pp. 10-11).

In addition to the Decker & Galer (2013) practice of integrating a control system (e.g., COSO or ISO 31000) within the Enterprise Risk Management Framework to pre-emptively help identify causes of damage to the supply chain, detect internal and external threats throughout the system, and mitigate the risk of supply chain disruptions, which can lead to interrupted sales, services, and loss of productivity and revenue Fadun (2021) explains the benefits of using risk tools and strategies within the supply chain function. Identifying known risks and causes (e.g., supply risks, fluctuating demand, raw material delivery interruptions, environmental risks, and unexpected changes to purchasing) that disrupt and damage the supply chain can be achieved through tools and strategies. One of them is the Porter's Value Chain. This strategic management tool prevents internal and external supply chain (upstream and downstream) disruptions by minimizing supply chain risks across five categories: inbound, logistics, operations, outbound logistics, and marketing, sales, and services (Fadun, 2021). Another layer of protection for supply chain risk management is the 10 risk management strategies that follow the four phases of the Prevention, Preparedness, Response, and Recovery (PPRR) model. This framework, implemented globally, captures supply chain activity and tracks progress and threats in real time (Fadun, 2021). Strategies that work to minimize risk to the system begin with an effort to establish and manage a contingency plan to ensure efficient and effective recovery efforts are in place to address environmental and natural disasters, cyber threats, financial instability, delivery and logistics disruptions using crisis prevention strategies (data modelling, forecast potential risks, model different scenarios for worst case scenarios) (Fadun, 2021).

One of the main benefits of implementing a robust supply chain risk management process is leveraging competitive advantage while reducing vulnerability to risk (Fadun, 2021). Healthcare blockchain technology risk factors can be managed by the risk ownership committee leader for this unit, under five broad categories: technology risks, operational risks, legal and regulatory risks,

financial risks, and strategic risks (Hewett, 2020). Blockchain-specific operational risk factors relate to the auditability of blockchain transactions, proof of asset ownership, and governance and control risks (Hewett, 2020).

History has shown that fraud risk behavior can occur at multiple levels (e.g., affected by global economy, government regulations, organizations, and employees), either through financial oversight failures, lack of or miscommunication of organizational risk strategies and financial policies and procedures (including consequences) and can be the impetus to severe financial crisis or worse, total organizational failure and collapse. Implementation (within the context of a fraud risk management framework) of a resource like the Fraud Risk Management Guide produced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in partnership with the best practices outlined by the Association of Certified Fraud Examiners (ACFE) is an adequate safeguard to help prevent fraud risk management failure (Cotton, 2023). Evidence from a survey conducted by the Association of Certified Fraud Examiners (ACFE) of 6,000 randomly selected U. S. Certified Fraud Examiners (CREs) returned 507 viable responses that indicated an increase in fraud behavior after a recession, with findings supporting an increase in the number, dollar amount, and the contributing factors of increased pressure (49.1%) increased opportunity (27.1%) and increased rationalization (23.7%) clearly indicating increased pressure on individuals with employee embezzlement (48.3%) vs fraud by unrelated third parties (36.7%) fraud by vendors (19.5%) financial statement fraud (16.8%) or corruption (11.8%) (ACFE Report, 2009). ACFE President James D. Ratley, CFE, stated in a message to Corporate America that "desperate people do desperate things," and that in a good economy, they would never consider committing fraud against their employers. He concluded the report with this note, "organizations must be vigilant during these turbulent times by ensuring proper fraud prevention procedures are in place" (ACFE Report, 2009).

Clinical and Patient Safety Risk

One of the leading risk management problems identified in the Vicente AMC case study involves the high-profile patient safety adverse events. In a recent retrospective cohort study, with a sample size of 11 large and small participating hospitals from three healthcare systems (patient population 18 years of age or older, random sampling with oversampling in small hospitals), the study found that one in four admissions resulted in adverse events, of which one-fourth of the events were preventable (Bates, 2023). According to the U.S. Department of Health and Human Services, Office of Inspector General (OIG), the OIG traced harm events in 2022 incidence of harm in hospital reports and found the following:

- Hospitals did not capture half of the patient harm events among hospitalized Medicare patients. In many cases, staff did not consider these

events harmful or explained that it was not standard practice to capture them, often because hospitals applied narrow definitions of harm.

- Of the patient-harm events hospitals captured, few were investigated, and even fewer led to improvements in patient safety. Some of the improvement actions hospitals took in response to the harmful events included training staff and enhancing monitoring for similar events (Department of Health and Human Services Office of Inspector General, 2025, p. 2).

The implications of the considerable number of annual preventable inpatient deaths (e.g., national or statewide) supports the need to implement a prevention step using the HRM framework, risk evaluation process, and risk control techniques to address what the National Institutes of Health, National Center for Biotechnology Information categorize as: medical errors that are active (specific event that causes patient harm and involves the healthcare professionals providing some aspect of patient care, operating on the wrong leg or eye) and latent (ongoing, unchecked system failures, faulty equipment, ineffective organizational structure), medical error (failure to complete the intended plan of action or implementation of the wrong plan) adverse event (negligent adverse event, near miss event, potentially compensation event, never event, noxious episode) and other more specific types of medical error (e.g., surgical, diagnostic, medication, device and equipment, falls, and communication errors) and hospital-acquired infections (Rodziewicz et al., 2024).

The annual estimated rate of between 44,000 and 98,000 preventable deaths, due to medical error, in hospitalized patients (Rodwin, 2020). National healthcare reports estimate the annual financial impact of medical errors at $20 billion from preventable deaths and $35.7- $45 billion from hospital-acquired infections (Rodziewicz et al., 2024). The impact on reputational risk from negative news coverage of patient safety failures (i.e., adverse events or sentinel events) is the most challenging risk type to manage because it is comparable to patents, copyrights, trademarks, and goodwill, which are intangible assets (Moberly, 2014).

Strategic Risk

The strategic risk category description involves organizational decisions concerning direction, product mix, and target markets, which may include an inappropriate portfolio of products or services, a lack of long-term planning, products that are too complex for customer use, innovation risk/market timing, and strategic relationships (Decker & Galor, 2013). The second HRM domain, strategic risk, is also an important part of the blockchain technology and business risk model that focuses on value proposition and incentive model (value added function) brand and reputation management, and incorporating change management plans that mitigate potential issues with changes in blockchain

business designs, workforce role changes, cultural changes, communication of changes to internal and external stakeholders and exit plan for participants who want to opt out (Hewett, 2020). Unlike financial, operational and patient safety risk categories that can be systematically measured, it is difficult to prioritize the likelihood (i.e., time frame, frequency, and intensity) and the impact (i.e., level and severity) and to quantify the damage (e.g., significant loss of revenue, negative publicity, litigation, major loss of clients and partners, share price decline and difficulty recruiting talent) of reputational risk (Decker & Galer, 2013).

In addition to financial, operational, patient safety, and reputational risk concerns, economic downturns or a reduction and/or complete grant termination of federal funding (i.e., political risk) in the healthcare sector destabilizes the workforces by causing layoffs and hiring freezes, but particularly impact nursing staff, which is the largest professional group in healthcare (Alameddine, et al., 2012). A study by Bahram Soltani (2014) compared three American (Enron, WorldCom and Health South) and three European (Parmalat, Royal Ahold and Vivendi Universal) corporate failures that identified similarities with ethical dilemma exacerbated by ineffective boards and corporate governance, inefficient internal control mechanisms, distorted incentive schemes, accounting irregularities, failure of auditors, dominant CEOs, dysfunctional management behaviors and the lack of a sound ethical tone at the top (Soltani, 2014).

Financial Risk

A recent 2025 press release by the Association of American Medical Colleges (AAMC) on the impact of cuts to the National Institutes of Health (NIH) funding, student aid, Medicaid, and other vital programs, underscored the impact from the termination of NIH-funded grants to academic centers and a data brief on career development, one of the consequences highlighted 160 active clinical trials, treating patients with HIV/AIDS, mental or behavioral health conditions, cancer, substance use and chronic diseases (AAMC, 2025, AAMC data brief, 2025).

There are three primary sources of financial risk:
1. Financial risk arising from a firm's exposure to changes in market prices (e.g., interest rates, exchange rates, and commodity prices).
2. Financial risk arising from the actions of transactions with other organizations (e.g., vendors, customers, and counterparties in derivatives transactions)
3. Financial risk resulting from internal actions or failures of the organization (e.g., particularly people processes and systems) (Fadun, 2022).

Types of financial risk include market, credit, liquidity, operational, investment, compliance, reputational, and systemic risks (Fadun, 2022). Faden (2022) provides specific examples for each financial risk type, presents a definition

of regulatory risk (the difference between regulatory and compliance), explains the importance of regulatory risk, describes the exposure, management process, and mitigation, and introduces an integrated compliance management framework. Decker & Galer (2013) categorize financial risk under Function Area 1. Finance describes the essential role of finance as managing an organization's money. The authors point out that financial risk management responsibilities do not operate the same in different organizations. They outline six functional vantage points (internal/external potential risk) and seven dynamic vantage points (based on the Dynamic Risk Deduction method). The risk inventory provides examples of the finance function's risks: financial, regulatory, legal, reputational, catastrophic, operational, and strategic (Decker & Galer, 2013, pp. 51-53). There is no right or wrong approach to implementing the HRM process in an organization, according to Faden (2022). Organizations structure risk management to fit their unique operational, financial, regulatory, and human capital needs (Faden, 2022).

Human Capital Risk

Training human capital in advance of implementing an HRM Framework and providing the proper education on how to use enterprises and business risks control techniques is a prerequisite to taking Patient Safety Risk Management one step further, from the Enterprise Risk Management framework, into the risk evaluation process, (i.e., incorporates risk control techniques and changes the risk management approach from being reactive to threats and vulnerabilities to a proactive strategic approach) is the ability to improve patient safety, operational efficiency, and mitigate reputational risk with more precision (e.g. precise inpatient mortality rate input equals better risk evaluation and control strategy output). Managing enterprise risk requires selecting appropriate risk control techniques to reduce risk exposure by reducing the frequency of losses, making losses more predictable, and reducing their severity (Fadun, 2021). There are six broad categories of Risk Control Techniques, including 1) avoidance, 2) loss prevention, 3) loss reduction, 4) separation, 5) duplication, and 6) diversification, which are used in combination or based on business goals and objectives. Multiple techniques can be implemented (Fadun, 2021).

Legal and Regulatory Risk

A comparison of different approaches that lead to successful risk evaluation, seen in how Faden (2022) distinguishes between business, non-business, and financial risk whereas Decker & Galer (2013) conflate money related activities under one function and provide business process-based risk mitigation under ERM financial risk function process point 3, mitigation and makes an important distinction between compliance (financial risk) and regulatory risk. Decker & Galer (2013) include regulatory risk within the financial function.

Two important recommendations for successfully implementing both financial risk and regulatory risk management are to drill down and identify key elements of financial and regulatory sources, types, causes, determinants, and risk damages, and to stay abreast of internal and external changes that can impact financial, regulatory, and compliance requirements (Faden, 2022).

Political Risk

Firms entering a foreign business market are at increased risk of exposure to macro- and micro-political risks (Alon & Herbert, 2009). Macro-political risks affect all firms in a country, while micro-political risks affect a specific firm (Alon & Herbert, 2009). Macro risks include changes to tax and labor laws, regulatory restrictions, currency and exchange controls, terrorist activity, expropriation, and war. In contrast, micro political risks affect a specific business or all companies in a single country by imposing specific regulations, contract terms, tax discrimination, profit restrictions, and violence on those companies (Global Hub, 2020). Managing political macro and micro political risks involves monitoring, reducing, and obtaining insurance for companies operating in foreign countries (Global Hub, 2020).

The type of political risk the Vicente AMC experiences from federal funding cuts is difficult to anticipate; however, political and reputational risk incidents can impact financial stability. Understanding the difference between macro and micro political risk is important because these distinctions matter for informed decision-making, as in the case of Dun & Bradstreet, which publishes an annual report that tracks risks of doing business in 130 countries; some risk affect all countries (monetary tightening) and some risks are country-specific (invasion of Russia by Ukraine) (Kagan, 2024).

The third risk category description, Geopolitical Risks, provided by Decker & Galer (2013), details external risks that hinder business revenue. These adverse political events include nationwide political unrest and wars, State Department sanctions, the country's status as an embargoed country, terrorist attacks, strikes, or other union actions. These risk categories, related to federal, state, and local government actions, impact business operations and the ability to make and collect revenue (Decker & Galer, 2013, p. 131). One advantage of implementing Enterprise Risk Management (ERM) through the integration of the ISO 31000 international standards and framework is the availability of international benchmarks, which enable companies to support effective governance by comparing their risk management programs (Perera, 2019).

A recent article by Marieke Blom, published for the World Economic Forum Annual Meeting, identified geopolitical risks (e.g., wars, climate change, and cyberattacks) affecting large and small global companies and interviewed decision-makers to understand how they were coping with and responding to these crises (Blom, 2025). Blom (2025) outlines a helpful framework for

approaching resilience, which includes four types of organizational responses outlined by the Global Head of Research, ING Group:

1. Risk assessment: trying to understand the risks better (policy insights, supply chain insights, and scenario analysis).
2. Risk reduction: trying to lower the risks or their impact on the business model (sourcing, operations, inventory, cyber defense, sales, hedging, and funding).
3. Ringfencing: Some risks cannot be lowered, but their impact can be limited (legal, IT, data, and research).
4. Rapid response: Adapt to ongoing risks through effective responses (plans and drills, mindset, and agility).

One of the most interesting steps, called Ringfencing (step 4), is a financial practice that creates a virtual (legal and operational) barrier around specific assets to protect them from other organizational functions (Blom, 2025). According to Blom (2025), ringfencing, as a mitigating strategy, is not driven by geopolitics alone because companies prefer to use ringfencing (in-country) to mitigate data processing (IT hardware and software) for research, privacy, and regulation purposes (Blom, 2025). Expropriation is a government tool used by countries to manipulate and control international business (Morris, 2021). The organizational strategic tool, the PEST (Political, Economic, Socio-cultural, and Technological) analysis, is used to assess external macro risks, identify opportunities, mitigate threats, and support informed decisions (Morris, 2021). Another important insight mentioned by Morris (2021) was that contract negotiations with leaders in foreign countries are a good idea, but also a risk if there is a regime change that nullifies those existing contracts (Morris, 2021).

Protecting domestic and international business operations against the threat of political risk and economic uncertainty requires strategic planning, implementing ERM integrated with a system control like the international control ISO 31000, and the understanding that the process is a complex, time consuming, and needs to consider organizational governance culture, risk philosophy, the size of the organization and technological risk (Perera, 2019).

Technological Risk

Benchmarking and best practices drive industry standards for cybersecurity risk management protocols that protect against different types and sources of cybersecurity threats and guide the integration of control systems (e.g., COSO or ISO 31000) embedded within the Enterprise Risk Management framework. The Vicente AMC board, executives need to work closely with the HRM committee Technology Owner, the Chief Information Security Officer (CIO), who is responsible for protecting and reporting back to the committee all aspects of the cybersecurity risk management process within an organization, including the overall vision, strategy, and continuous employee training and compliance

strategies implemented to prevent data breaches and other common cyber incidents (Fadun, 2021). An example of an IT approach to risk management is the Decker & Galer (2013) implementation guide that uses six functional vantage points, five dynamic vantage points, and a list of functional IT risk inventories across every risk function area (e.g., industry, financial, regulatory, legal, reputational, catastrophic, environmental, operational, and strategic). The approach captures the depth and breadth of risks under CIO management and provides a comprehensive assessment of the dynamic risk deduction method (Decker & Galer, 2013).

An important IT high-risk area, identified by Decker and Galer (2013) for example is technology obsolescence, which causes production delays if a risk management plan is not in place to identify, prioritize (i.e., critically important effort to replace IT systems in order of impact to the organization) report and measure ongoing efforts to maintain and monitor updated hardware, software, security systems, and incident reports that can weaken an organizations operational goals and objectives. Blockchain risk factors specific to technological risks include digital identity, interoperability, blockchain structure, data protection, personal data handling, data integrity, and cybersecurity (Hewett, 2020, pp. 73-176).

Hazard Risk

The traditional (siloed) risk management approach used an active, independent approach that focused on managing pure, insurable risks separately (Przetacznik, 2022). By 2001, after the US 9/11 terrorist attack, and the establishment of the U.S. Government's Sarbanes-Oxley Act of 2002 (a federal law enacted to regulate public company's boards, leadership certification of financial reports, management internal controls, and accounting firms' oversight through public company accounting oversight boards) new, proactive ERM practices began to emerge (Przetacznik, 2002) in addition to the Decker & Galer (2013) ERM book, three published risk management standards (Federation of European Risk Management Associations (FERMA) risk management standards 2003, Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework 2017, and the ISO 31000 framework standards published in 2009 & 2019) advanced ERM by providing guidelines, sample tools, and case study scenarios to improve organizations implementation efforts of the ERM systems (Przetacznik, 2022). Contingency plans for business and disaster (i.e., all types of natural or accidental emergencies that interrupt business operations and patient care) preparedness and risk recovery depend on a strong commitment to risk management practices and a plan of action (Fudun, 2022).

This case study review emphasizes that successful HRM implementation, continuous improvement, and risk management depend on engaging and training board members, executives, and risk ownership committee members, thereby

making them feel valued and responsible. Preparing key strategic measures (e.g., aligning with the strategic plan, setting risk appetite and risk tolerance, and fostering a risk-aware culture) before launching HRM initiatives helps reinforce their importance and value in the process. A well-trained and engaged HRM board, executives, and risk ownership committee are more confident in setting expectations for known, unknown, and unknowable risk events. The organization can also educate staff on avoiding common risk management pitfalls and work with them to promptly monitor and report on risk appetite and risk tolerance criteria.

The development of a risk-aware culture fosters a sense of shared purpose and confidence in risk management priorities. Opening a communication channel where the organization speaks and understands the same risk management language, from top to bottom and bottom up, helps anticipate the likelihood and impact of a risk event (Alcocer, 2025), improve response time, and strengthen organizational resilience. This shared understanding can make staff feel more connected and purposeful in their roles.

The limitations of this analysis stem from a narrow focus on a few highlighted steps in HRM governance training programs. A more extensive list of HRM governance training steps and specific implementation challenges faced by board members and executives will help build trust and transparency, making them feel more supported in their oversight role. This analysis underscores the critical role and necessary preparation that governance plays in the successful implementation and oversight of the risk management process, encouraging confidence in future efforts.

Conclusion

The critical role of governance-led HRM training for healthcare boards, executives, and the risk-ownership committee members assigned to prepare and launch an integrated Enterprise Risk Management framework is an essential first step toward a successful HRM implementation. The follow-up steps for the Vicente AMC start with developing a board-driven action plan and establishing an enterprise-wide risk-awareness culture that can identify, prioritize, mitigate, communicate, and measure risk across the organization. Well-trained HRM board members, executives, and risk ownership committee members generate higher-quality data and reporting, enabling more effective decision-making and faster response times in risk and crisis management. Future research on best practices for HRM governance training, focused on connecting strategic planning objectives to HRM internal controls, organizational culture, and engagement, will advance the HRM governance training experience and the risk management implementation process.

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