



Risks

Risk means a threat, a potential problem, the possibility of failure and lack of success, but it can also be favourable prospect or chance. The most important characteristics of risk are:

- › Level of risk - the probability that the risk occurs
- › Risk impacts - results which are shown, if there is a risk situation
- › Predictability of risk - the chance that the risk can be identified in advance and anticipate

Risks in an organization are mainly related to: surroundings, innovations, changes and resources.

The notion of risk is related to the notion of uncertainty, which means the possibility of different results, whose probability is not quantified.

Risk and uncertainty comparison (Adapted from Rafferty 1994), Corporate Risk Management, Tony Merna, Faisal F. Al-Thani, 2007:

Dimension	Risk	Uncertainty
Measure	Quantifiable	Non-quantifiable
Methods	Statistical assessment	Subjective probability
Data	Hard data	Informed opinion

Related terms and methods:

- › Risks prevention methods
- › Types of risk
- › Winterling crisis matrix

Related management fields:

- › Risk management