

Stratagame Project



RISK APPETITE



A Risk appetite can be defined as an individual attitude towards danger that increases or decreases based on how much a subject believes that events are controllable or uncontrollable.

Often, optimistic people with high levels of self-esteem have this characteristic.

When it comes to risk appetite, however, we often refer to impulsive people, who risk, without having first developed a plan to evaluate what is most convenient between the risks and the benefits. Instead, managing risks effectively means improving the decision-making process to balance risks and benefits, solving problems, having an emergency plan for potential risks that can be encountered in daily work routines, to create and protect value; risk management is a fundamental process for the formulation and execution of strategies.

Risk appetite is a skill that, if properly cultivated, can encourage creativity, in fact, those who tend to risk, often oppose too rigid constraints, jeopardizing the "stability" of what is certain and showing new points of view.

The risk appetite, therefore, not only facilitates the search for novelties, but can also help people who have it to get rid of preconceptions. It can therefore be said that the concept of risk can be extended to "risk / opportunity", in fact, together with negative impacts (threats), potential positive impacts (opportunities) to be pursued are also associated.

Risk appetite is a skill that can create value in work contexts: this skill helps predict potential problems or threats and plan the strategy that can solve complex situations.

In addition, anyone with this ability is often a person who takes responsibility for what decides and manages to implement strategic plans, is attentive to detail to avoid accidents, has the ability to remain calm, is well organized, so as to predict in advance of changes and risks, he is often a good communicator, has a good ability to adapt to change.

Risk management is a process subject to updates, it does not end with the initial identification of the risk.

To control the risks this scheme can be followed:

- reparation and approval of the Risk Action Plan;
- execution phase;
- control and modification of the plan (monitoring and revision are an integral part of the constantly updated process).

The skills related to risk appetite and risk management require a lot of experience and are linked to continuous learning processes.

