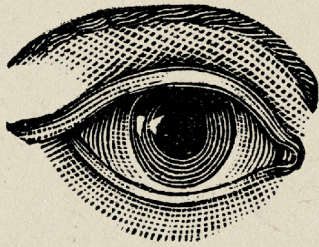




THE RISK TYPE COMPASS

AN EVOLUTION IN RISK AWARE DECISION MAKING

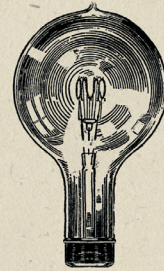
EVOLUTION



The processes of abiogenesis instigated life on Earth 3.5 billion years ago. Every successive life form has faced risks and challenges to its existence. That too has been the human condition. The Risk Type Compass explores the evolved aspects of our nature that equip us for today's challenges; the various and significant ways in which people's deeply rooted risk dispositions contribute to the making of decisions.

Team Homo Sapiens is equipped with formidable risk response possibilities.

DECISION MAKING



Risk and uncertainty are the norm rather than the exception. In the words of Benjamin Franklin, 'Nothing in life is certain except death and taxes'. Risk-related decisions are framed by our endeavours and the aspirations that we pursue, always weighing up opportunity against risks and uncertainty. Risks require decisions to be made, yet risk is inherent in every decision.

Decision making always combines logic and reasoning with instinct and emotion - 'pure reason' was never a realistic option.

NEUROLOGY



Two independent systems of decision making draw on both the most recent and the most ancient parts of the brain, from neocortex to hindbrain. These interact functionally in highly complex ways. As with all natural phenomena, they are subject to individual variation. We are each personally endowed with distinctive risk dispositions that will be reflected in our personalities and in the decisions we make.

We make thousands of decisions each day and at many different levels of consciousness.

SURVIVAL



Whether consciously or unconsciously, decision making contributes to the survival of individuals, organisations and, ultimately, of species. Every one of your predecessors – over unfathomable time – somehow survived to pass on the vital spark of life! Businesses also have a life cycle. To survive in the accelerating technical complexity of today's world, organisations must continually reinvent themselves, anticipating disruption or seeking to disrupt.

Organisational survival benefits from the diversity of risk perspectives needed for agile and inspired decision making.

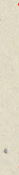
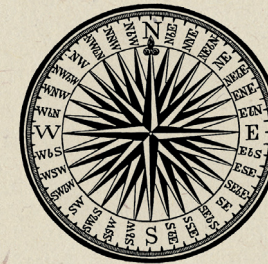
HUMAN NATURE



Survival instincts are encoded in the nature of all forms of life. Humanity relies heavily on its neurology and the evolutionary success that contributes to a remarkable natural endowment. To operationalise the natural advantage in diversity of risk dispositions (all the permutations of Emotion and Cognition), we need to define and measure them. 'Nature, to be commanded, must first be obeyed' advises Francis Bacon, and the Delphic maxim to 'know thyself' was never more prescient.

Risk Type dispositions are deeply rooted. These are persistent and pervasive aspects of our nature; characteristics that give a rich diversity to our decision making.

RISK TYPE



Diversity is nature's way of hedging risk. The logical segmentation of a continuous 360° spectrum of risk dispositions creates eight distinctive Risk Types. Derived from highly reliable bipolar measures of EMOTION and COGNITION, this accessible Risk Type taxonomy offers practitioners the potential to transform risk management practices in engaging and inclusively 'people centric' ways. Risk Type enables you to maximise the diversity of risk instincts and to optimise performance.

Risk Type facilitates self-awareness and fosters personal responsibility. An antidote to 'group-think', 'solutioneering' or inertia, it energises decision making at every level.

THE RISK TYPE COMPASS

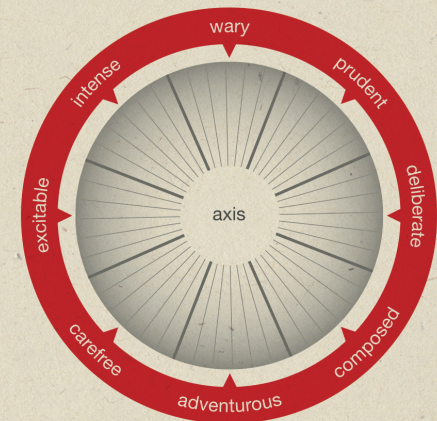
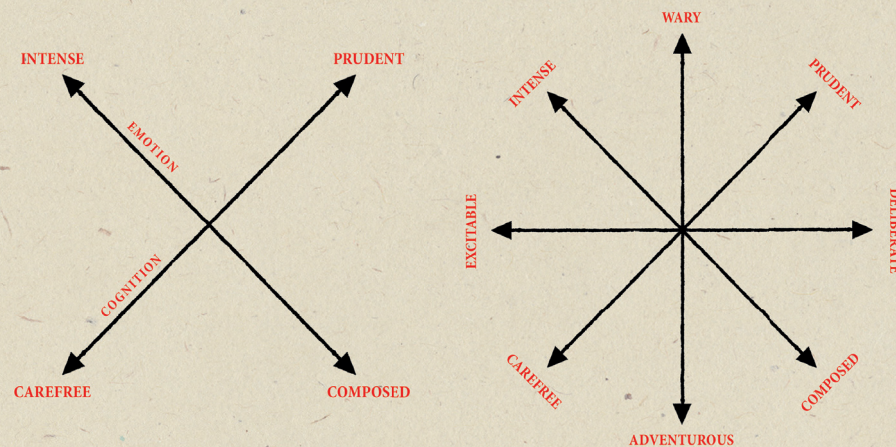
ORIGINS

Decision making in our species has evolved from a time when all decisions were made outside of consciousness and when all behavioural responses to threat were managed by ancient 'visceral brain' structures. The more recent development of the cortex gave us reason, language and awareness but the emotional centres continued to be very actively involved. In a sense, we have two 'risk dispositions' Emotion and Cognition. The oldest is Emotion, involving: fear, anxiety, apprehension and defensive

hormone-fuelled retaliation. The more recent is Cognition: the need to know, to turn chaos into coherence, to make sense of our world (see Damasio, R., 2006).

Many personality dispositions are associated with risk behaviour. Traits such as impulsivity, vigilance, anxiety, optimism, patience, or carelessness will influence risk perception, reaction to risk and decision making. The Risk Type Compass (RTC)

questionnaire was compiled from risk themed personality items. Factor analysis produced the four factor solution that inspired the concept of a 'Risk Compass'. Two orthogonal bipolar scales, representing Cognition and Emotion, created the framework for a continuously incremented 360o spectrum of risk dispositions. Alternate, intermediate axes accommodate the interactions between rational and emotional dispositions.



METRICS

INTERPRETATION

The Risk Type Compass questionnaire places an individual within the 360o incremented spectrum of the compass. Segmentation into eight Risk Types provides a sound basis for narrative interpretation. Within each Risk Type, proximity to segment boundaries will influence interpretation in terms of the balance between Emotion and Cognition.

Location between the outer perimeter and the central Axis is interpreted in terms of the 'Risk Type'. Placement within the Axial group infers neutrality in terms of Risk Type characteristics and a balanced risk disposition.

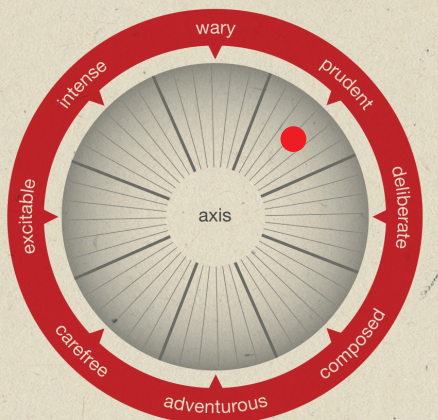
Analysis of RTC results begins with a generalised

Risk Type statement, which is then reviewed in the light of the potential upside and downside implications provided in each feedback report. Most prominent features, and analysis of the twenty sub-themes extends the interpretation. The Risk Tolerance Index (RTi) provides a composite overall measure of risk tolerance. The Risk Stability Index (RSi) provides a measure of fluidity and stability.

Risk Type prevalence in an adult working population indicates a remarkable balance of Risk Types (N = 20,000), as reflected in the graphic below. This suggests that, within our species, each Risk Type must have made a different, significant and complementary contribution to species survival.

In the workplace, each Risk Type makes a distinctive contribution to organisational success and to the cognitive diversity of teams. This complementary equality of Risk Types has practical significance in terms of the Risk Type Compass' acceptability within team and organisational development initiatives.

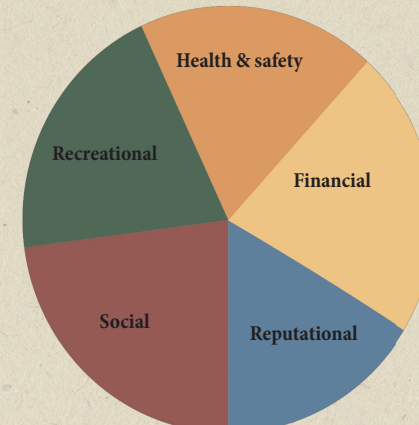
Risk Attitude, generated by part two of the RTC questionnaire, is an ipsative measure of risk domain preference: 'where' rather than 'how much' risk is likely to be taken. It reflects the influence of exposure, experience and training on risk behaviours; familiarisation through which uncertainties are reduced and where 'comfort zone' boundaries are broadened.



RISK TYPE



TEAM HOMO SAPIENS



RISK ATTITUDE

RISK TYPE CAMEOS

EXCITABLE

This Risk Type is reflective and concerned about risk, yet energised by change, exciting ideas and the opportunity to make a difference. Their creativity and readiness to challenge the status quo can make them interesting and capable of the unexpected. Often attracted to novelty and excited by challenges, when aspirations override reservations there is a lot at stake. When things go wrong self-recrimination takes its toll.

INTENSE

The Intense Risk Type feels things strongly and they are highly reactive. Alert to what is going on, they have sensitive 'risk antennae'. Demanding a great deal of themselves, they are often their own most severe critic. Sensitised by their fear of embarrassment, they will work hard and prepare thoroughly to ensure success. Their sensitivities, passions and desires to succeed are reflected in their changeable moods.



WARY

Anxious to keep everything under control, the Wary Risk Type is determined and vigilant about risk. With security at the top of their agenda, they will be systematic and self-disciplined. But, however hard they work at it, they find it difficult to dispel the suspicion that things can always go wrong. A combination of fearfulness and discomfort about uncertainty incline them towards pessimism, risk aversion and control.

PRUDENT

Highly organised and self-controlled, the Prudent Risk Type is conservative and has a system for everything. Conventional in their approach, they do things 'by the book' and prefer continuity to variety or change. They are uncomfortable outside their well-defined sphere of competence or if working to vaguely defined criteria. Detailed in their planning, they are comfortable sticking to what they know.

THE AXIAL GROUP

Individuals who show none of the extremes that characterise the eight Risk Types are classified as 'Axial'. Any pronounced risk-taking is likely to reflect experience rather than temperament and be due to attitudes developed from exposure, training or other experiences. They will be valued for their balanced viewpoint and their neutrality. Their central position on the Compass will give them the best 'across the board' appreciation of the various Risk Types.

RISK TYPE CAMEOS

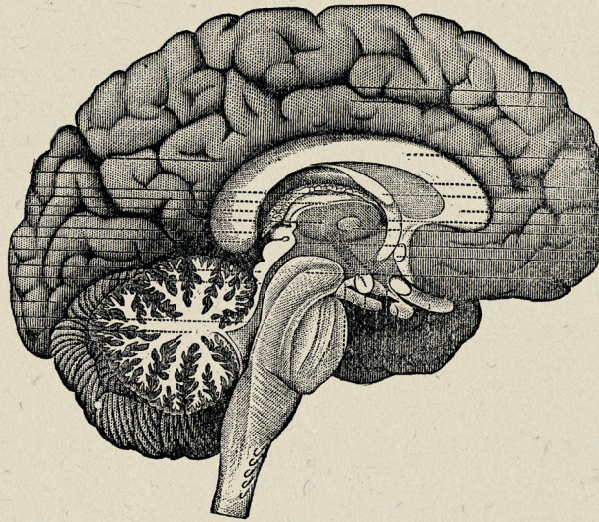
DELIBERATE

Self-contained and systematic, an extreme Deliberate Risk Type will seem unusually calm and imperturbable. They like to know exactly what is required of them and they never walk into anything unprepared. They experience little anxiety and show little emotion, tackling risk and uncertainty in logical, analytic, and business-like ways. Their task focus and routine may make them appear formal and difficult to challenge.

COMPOSED

The Composed Risk Type is cool-headed, calm, and optimistic. At times they may seem unaware of potential danger and oblivious to its effect on others.

They take everything in their stride, seem quite even-tempered and manage stress well. If they do come unstuck, they pick themselves up and get on with life. Any emotional reaction tends to be muted and they may appear constrained in their expressive repertoire



ADVENTUROUS

The Adventurous Risk Type can be both impulsive and fearless. Intrepid and not easily discouraged, they embrace change and are likely to seek excitement. Their energy and positivity enthuses others and establishes a momentum which, with their flexibility, opens up more chances of success. At the extreme, their deeply constitutional calmness may blind them to other people's attachment to tradition and convention.

CAREFREE

Spontaneous, unconventional, and often imaginative, the Carefree Risk Type dares to do things differently. They are not great at detail or thorough preparation, but their contributions may be radical, unrestrained and potentially mould breaking. Impatient with petty rules, their questioning and curious nature can strip things back to purposeful necessities. These qualities offer a refreshing and challenging viewpoint.

INDIVIDUALS

KNOW THEN THYSELF (ALEXANDER POPE 1688 - 1744)

RISK TYPE

Where we start

Risk Type defines the way that we view our world. From an emotional perspective this concerns, for example, fearfulness, anxiety, optimism or trust. From a cognitive perspective Risk Type concerns the need to make sense of our perceptions and experiences and the extent to which we can cope with uncertainty and ambiguity (see Walport, M., 2014). Knowing, within these parameters, where one's natural advantages and limitations lie, sets an agenda for the development of insight and self-awareness in decision making. In a job context, this is a basis for extending personal responsibility and the development of 'habits of risk aware judgement' (see Michael Mazarr, 2016).

"IT'S NOT WHAT YOU DO..."

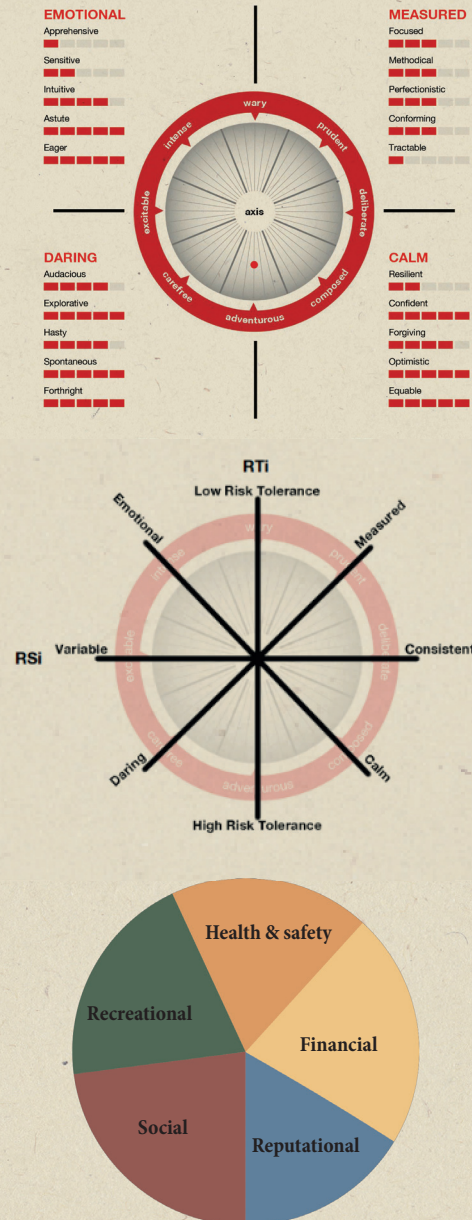
We continually seek to extend our comfort with risk in any context where we wish to increase our competence. In practice, this is enabled through the neutralising effects of experience and exposure to new challenges. Incrementally, we habituate to uncertainties and anxieties as we master new situations and develop new skills. None of this changes our Risk Type dispositions. Rather, through learning and familiarisation, we extend our comfort zone to maximise our risk of propensities within that context. Risk Type dispositions define our nature and the way we approach any challenge. They remain stable over a working life.

..IT'S THE WAY THAT YOU DO IT"

RISK ATTITUDE

The way we grow

Risk Type dispositions are considered to reflect our 'nature'; a stable constitutional component within our wider personality. The expression of these Risk *Type* characteristics is clearly enhanced by different life experiences and broadens as we accommodate to risk demands in different settings. Thus, Risk *Attitude* represents the extension of our risk comfort zone without changing our nature. Changes are contextually specific rather than generalisable.



TEAMS

THOSE WHO COLLABORATE & IMPROVISE PREVAIL

(CHARLES DARWIN 1871, ADAPTED)

OPTIMISING TEAM DECISIONS

Social Defence Theory

The theory of social defence (see Tsachi Ein-Dor et al., 2010) argues that, over an evolutionary time scale, living co-operatively within risk diverse groups has been the primary survival strategy of 'Team Homo-Sapiens'. The remarkably even distribution of the Risk Types within the population (see METRICS page) suggests that each contributes in different and mutually complementary ways to group success.

COOPERATION AND CONFLICT

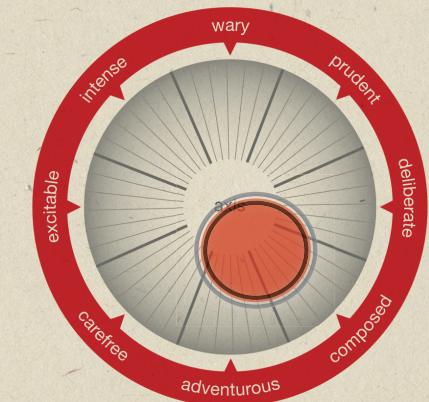
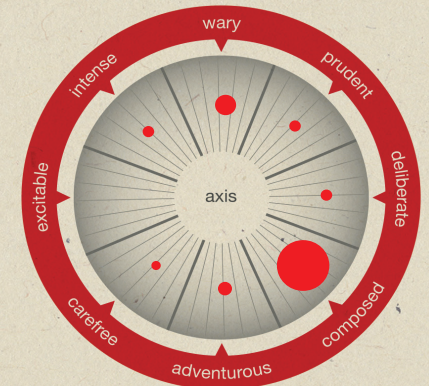
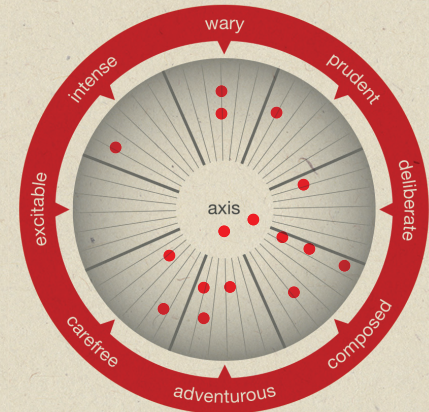
The ability to measure Risk Type differences is the key to team development. Any group has some potential for collaboration and cooperation, as well as for friction and conflict. Group Risk Type diagnostics highlight the diversity of risk dispositions within the team and the tensions and compatibilities that contribute to the team stress and team success. They address the central challenges of team leadership.

COMPLEMENTARY CONTRIBUTIONS

For a team to be effective, whatever their Risk Type, each member potentially has a complementary contribution to make. They also have a responsibility to appreciate the advantages and limitations of their own personal perspective and, increasingly, to appreciate the authenticity of different viewpoints of other team members.

TRUST, OPENNESS AND RESPECT

To be engaging, intervention strategies for team development need to be plausible, clear and rational. Team transformation requires trust, openness, and mutual respect amongst team members. The ability to differentiate risk dispositions insightfully and convincingly, provides a solid foundation for cooperation – and a realistic and powerful basis for team coaching and the realisation of team potential.



ORGANISATIONS AND PROFESSIONS

'THE PEOPLE MAKE THE PLACE'

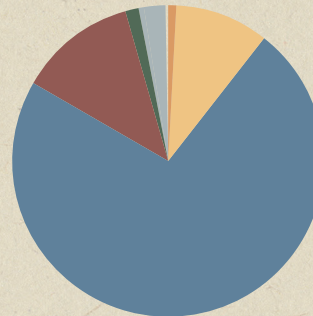
(B. SCHNEIDER, 1990)

Prevalence of the different Risk Types within an organisation or profession combine to provide a distinctive 'fingerprint' graphic that illustrates its unique character and culture. These will reflect, for example, its formality, complexity, homogeneity, creativity, rigidity, resistance to change, spontaneity, resilience or need for compliance.

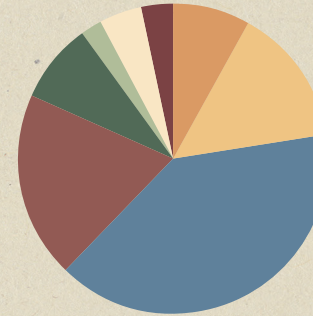
Attraction, Selection & Attrition

These 'fingerprints' will have been shaped by the differential attractiveness of that organisation or profession to certain Risk Types and by its criteria for selection and its ability to control attrition of employees. They indicate how the organisation is likely to be perceived by others, and how, by strategic selection, that balance might be reinforced, developed, or altered beneficially.

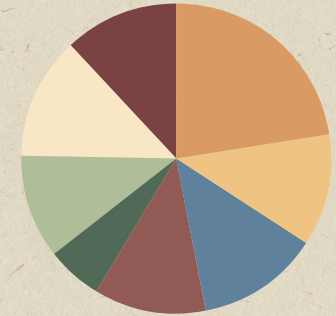
AIR TRAFFIC
CONTROLLERS



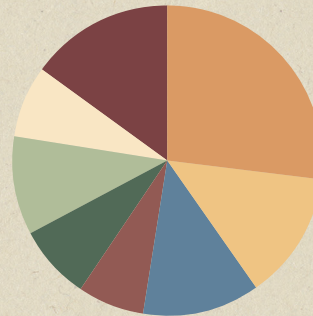
AUDITORS



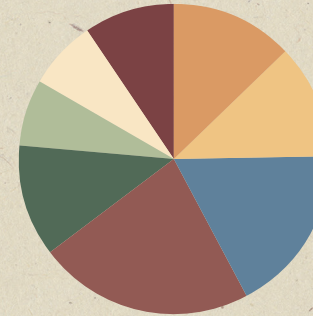
POLICE



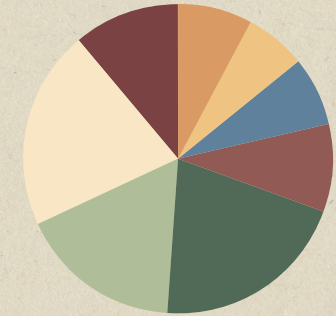
LEGAL



MAINTENANCE



RECRUITERS



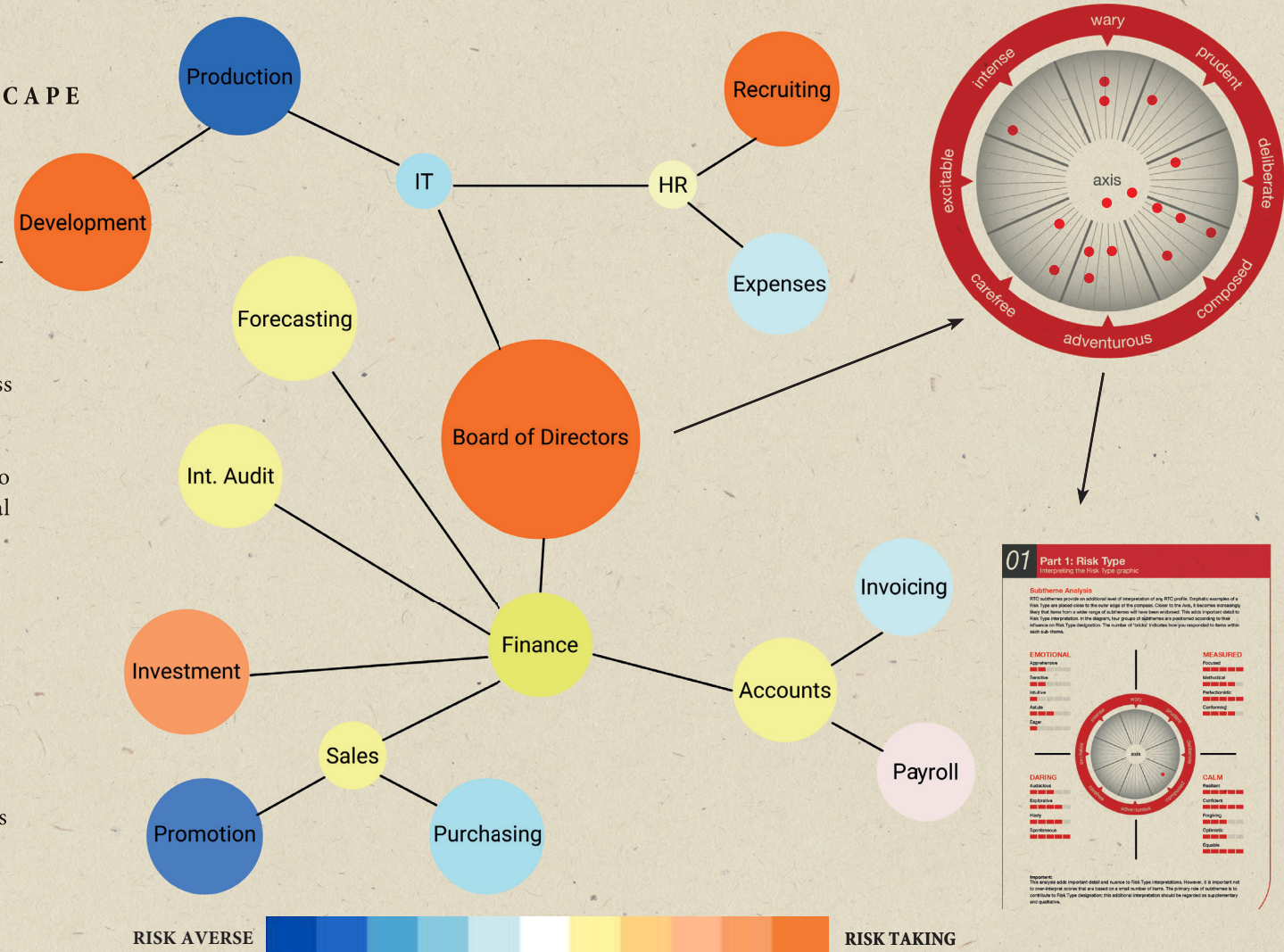
ORGANISATIONAL CULTURE

WHERE NEXT?

PLOTTING THE RISK LANDSCAPE

Additional Risk Type Landscape software supports objective graphical depiction of an organisation's risk culture, reflecting on-going changes. It allows the organisation's Risk Type database to be interrogated in detail and manipulated to explore options and to plan team level developments. Access can selectively be restricted and password protected. Regional or departmental elements are nested and can be combined to suit confidentiality and other organisational requirements.

The colour intensity of each 'node' reflects the overall risk characteristics of that team or department. All 'nodes' can be 'clicked' open to display the Risk Type make-up of that team which is instantly analysable from a variety of illuminating perspectives. What-if scenarios are supported; virtual teams can be built by 'drag and drop'; nodes and connections can be added and deleted. Different levels of access can be configured to meet confidentiality requirements.



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Francis Bacon (1561-1626)
Alexander Pope (1688-1744)
Benjamin Franklin (1706-1790)



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