



P-Glossary



Risk

Risk as a business concept denotes a potential negative impact to an asset or to the business arising from current business processes or any future event. In daily usage, risk is often used synonymously with the chances or probability of a loss. In professional risk assessments, risk combines the probability of an event occurring with the impact that the event would have and with its diverse resulting circumstances. While risk is often associated with avoidance of negative outcomes, in game theory or finance it can be a measure of variance of possible outcomes. It is easier to understand as insurance, where the purchaser buys insurance to reduce risk and is protected from potential loss that may result in the future.

See also: Risk Management
