Read the paper Aven (2016) and propose an answer to the below question, based on the research around future trends presented in this unit.

1. How can we describe and represent the results of risk assessments in a way that is useful to decision-makers, which clearly presents the assumptions made and their justification with respect to the knowledge upon which the assessment is based?

The review presented by Fahimnia et al. (2015) in Aven (2016) evaluates quantitative and analytical models for managing supply chain risks. These tools, as stated in Open Risk Manual (2024) “aims to produce systematic risk assessments and estimates for the purpose of risk management”. In practice, risk models are based on statistics and econometrics, which enable result representation. Similarly, we can describe the results using financial or economic theories (Open Risk Manual Contributors, 2024).

There are multiple predefined risk assessment metrics to present the results, however, as stated by (Aven, 2016) each situation is specific by itself, hence selected set of metrics have to be determined to support a decision. The author also points out that the metrics can always be questioned, meaning it is hard to make clear assumptions. Justifications are therefore strongly dependant on the way we understand and describe risks as noted by the author, this strongly influences the way risk is analysed and hence it may have serious implications on risk management and decision-making.

**References:**

Aven, T. (2016) Risk assessment and risk management: Review of recent advances on their foundation. *European Journal of Operational Research*. 253(1) <https://www.sciencedirect.com/science/article/pii/S0377221715011479> [Accessed 15 July 2024]

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