Perceived risk – the constructed understanding of risk severity and its characteristics that results from the influence of internal and external factors on the risk assessment process

Individual (or group) perception of risk combines cognitive, affective, personal, and contextual factors to inform a risk assessment that is roughly *qualitative* in its approach; compared to the *quantitative* approach of *actual risk* calculations. This difference in method often leads to significant discrepancies between the perceived and actual risks of an event. While perceived risk may incorrectly determine the *likelihood* of an event, it handles a more human, value-laden dimension of risk assessment (e.g., Is risk to future generations worse than a “known risk accepted voluntarily” by a willing population?) which can provide risk managers with important insight into the impacts on socio-cultural groups and their behavior (Slovic, 2015). An important note is that all risk assessments, both actual and perceived, are subjective: even “objective” risk measurement is based on assumed and theoretical models devised by a limited few. Therefore, when considering perceived risk, risk assessments would benefit from its inclusions as a means to incorporate a wide array of diverse input on the values and importance of various risk events.

Examples:

* If people paid more attention to actual risk than *perceived risk*, we’d spend our Julys watching Vending Machine Week instead of Shark Week since more people die from falling vending machines than shark attacks. But that’s not sexy.
* “Is risk from cancer (a dreaded disease) worse than risk from auto accidents (not dreaded)?” (Slovic, 2015)
* We tend to overreact to risks that are spectacular, but rare. We also overreact to risks that are immediate or that are the result of intentional actions. As a whole, we typically underreact to accidents, abstract events, and natural phenomena. We also underreact to risks we willingly take, such as extreme sports or speeding while driving. (proxxi.co, 2022)

Continued reading:

Slovic, Paul (2016) Understanding Perceived Risk: 1978–2015, Environment: Science and Policy for Sustainable Development, 58:1, 25-29, DOI: 10.1080/00139157.2016.1112169

The Risk of Perceived Risk - Part 1: What is Perceived Risk? (https://www.proxxi.co/blog/what-is-perceived-risk)