

## Editorial Preface

# Managing Qualitative Versus Quantitative Risks at the Organization, Industry and Country Levels of Analysis

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Several issues ago we insisted that *IJRCM* is changing -- and it has. It can take up to a year or more to see ideas develop from concept into printed-reality within the journal publishing industry. This is due to our requirement of working ahead at least 6-12 months of an issue's publication deadline. Uncertainty is inherent in this industry so we apply project management to overcome the risks and meet the deadlines as well as our budget, scope and quality goals. This editorial preface was written by *IJRCM* Associate Editor Dr. Max Korstanje (Professor at Palermo University, Argentina), in collaboration with Dr. Ken Strang.

In this issue we discuss several techniques, instruments and models that may be applied for risk-assessment. We carefully selected articles which explore three levels of analysis in order to be helpful to practitioners working independently as well as to those in organizations and to scholars investigating an entire industry. These articles should give practitioners ideas for developing their own models that can forecast the emergence of global risks in an ever-changing world. As Cass Sunstein (2005) puts it, one of the main problems of risk perception is that it is subject to emotion, which often causes a practitioner to exaggerate the probabilities of a highly-negative impact. Sunstein's (2005) assertion "on the rise of a populist claim" (p.19) means that emotions can interfere with a coherent and reasonable diagnosis of a risk. Therefore, models, instruments and techniques must be applied to be objective when quantifying uncertainty and to accurately estimate potential risk impacts.

Objective decision making is a key requirement for correctly assessing uncertainty and in formulating risk-management policies in a global economy (Vajjhala & Strang, 2017). Sunstein (2005) posits that it is essential for government policy makers to enlist subject matter experts to help distinguish between serious apocalyptic risks versus threats that are unlikely to actually take place. Policy makers could waste valuable time and money planning for an event that seems emotionally threatening but is statistically unlikely to occur, such as empty threats from lone wolf terrorists who do not have resources to carry out their agendas. In the scientific world this is known as a false positive, something which looks like it will occur but the statistical probability is less than 5%.

Risks are perceived differently according to the culture of the observer (Goodwin & Strang, 2012; Strang, 2012). As Korstanje (2015) explained in his book *A difficult world: Examining the roots of Capitalism*, the nature of risk varies over time and is subject to the different cultural backgrounds of those evaluating uncertainty. As a brief anecdote, let's say a group of Western geologists are concerned for the safety of an Indian tribe living beside a Volcano which is coincidentally predicted to erupt. The Western geologists may not have realized that the Indian tribe had interpreted the volcano rumbling as a sign of an angry God and had been making final concessions safely ahead of implementing their evacuation plan. In an ever-changing world, where the levels of anxiety and risks have significantly increased, further applied-research is needed.

So let us briefly explore the articles that we have selected for your reading. The first manuscript, which is entitled *An Empirical Take on Qualitative and Quantitative Risk Factors*, explores the

ambiguous nature of risk. The paper is a critical analysis of the risk literature. The literature review suggests that there are some discrepancies for defining the evolution of risk perception. While quantitative methodologies are prone to financial risks or at least to the analysis of all-encompassing models, behavioral factors pave the ways for the rise of qualitative approaches. Raghunath, Devi and Patro did their best to summarize the contemporary literature and then they proposed a new combined technique to mitigate risks.

The second paper is an empirical case study in the ocean-bearing container ship industry about how uncertainty – and risks -- can be reduced in severity. Todorov introduces readers to the method of separation for improving reliability and diminishing technical risks. The author coins the term “stochastic separation” to denote the separation of properties as an efficient way to balance some emerging drawbacks linked to the risk selection process. This paper proposes that a safety margin can be configured as a reliable construct to measure the relative separation between load and strength of a potential risk event. His methodology does not necessarily predict risks but it mitigates their impact should they occur.

The third study, which was authored by Li, Sun, Jiang, Yang and Zhang, investigates the contradictions of Event System theory with an emphasis on the importance of accurate evaluation to understand how external shocks impact an entire industry. They point out that over the years specialists and pundits have focused on models that help to expand the current understanding of risks as well as the reactions of industries to outside threats. They use data collected from companies listed in New York Stock Exchange to quantify two types of risks. The first was exogenous threats which have external risks. The second type was endogenous, internal uncertainty, which is internal to an organization. They discuss how these different categories of risks can generate serious negative effects on companies. They make several interesting propositions about how companies can become resilient to threats in a post-crisis context.

There has not been much research about risk at the national or country level of analysis. It is obvious that certain countries have been more negatively impacted by risks than others. We need only look to the Middle East for many examples. On the other hand, while terrorism and world wars are important risk contexts to be aware of, businesses continue to transact and trade across borders. This raises the question, how are countries addressing risk associated with global economic trade? Loshaj, Strang and Vajjhala explore how national culture and risk avoidance impacts small business commerce in a country that is in the process of entering the European Union (EU). The EU is a large successful international trade commerce system so it is of interest to many nations. The authors focus on Albania as a case study to investigate how small businesses are addressing the risks of integrating into the EU. Interestingly they use an instrument to measure how technology acceptance is helping or hindering the integration into the EU.

We finish this interesting issue with a provocative book review by Korstanje who ignites a hot debate revolving around the book *Climate Terror: a critical geopolitics of climate change*. This book was written by Chaturvedi and Doyle, two senior experts in climate change. The book authors explore the problem of ecology under the critical lens of scrutiny. Though the authors never deny the rise of climate change, they argue convincingly that this threat there is “an ideological discourse”. They posit that climate change is a spectacle, a type of cultural entertainment orchestrated by global elite to strengthen the center-periphery dependency. This should certainly trigger some contrasting opinions in our readers and we encourage them to voice their ideas with a letter to the editors which we will review and print in an upcoming issue if relevant.

We would also like to announce that we have made significant changes to the *IJRCM* Editorial Review Board (ERB). We conducted statistical analysis on the peer review data and calculated the performance metrics of all ERB members (including Associate Editors), during the last four years. We could not go beyond four years since we started using the IGI Global eDiscovery manuscript management system in late 2013. The result of this analysis was eye-opening. We found several ERB members had not performed their duties over a span of three years. Unfortunately, we had to

dishonorably discharge several ERB members. As a highly-ranked peer reviewed journal our success is built on the peer review process. Although our work on the ERB is volunteer, professional scholars are expected to provide service to the research community. Therefore, we are looking for new ERB members who are passionate about any of the *IJRCM* keywords and in parallel would like to make a positive impact on the community of practice by helping us review and publish good quality insightful research.

In closing we once thank all ERB reviewers, our Associate Editors (Dr. Max Korstanje and Dr. Rao Vajjhala), as well as the IGI-Global publishing team (especially Managing Editor Mr. Sean Eckman), for helping us to deliver *IJRCM* to you. We want to remind everyone that all members of our editorial review board, including the international advisors, associate editors and editor-in-chief are volunteers – we do this work in order that the knowledge collected for *IJRCM* may be shared with you. In return we ask that you support us whenever it is relevant to cite *IJRCM* manuscripts. We want you to feel welcome to give us constructive feedback at any time (contact the editor-in-chief at Editor.IJRCM@gmail.com). Please consider submitting manuscripts to our multi-year call-for papers (<http://ijrcm.multinations.org/>)

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