

A NATURAL HISTORY OF RISK

BY **GEOFF TRICKEY**

Some wait for permission to cross the road from the little green man signal, others skip through moving traffic. Some plan holidays carefully, in detail and well in advance, others just grab spur of the moment essentials and go. These revealing behaviours reflect a difference in wiring as profound as that of a squirrel or a tortoise. The way we deal with risk and make decisions is influenced by two independent neurological systems: Emotion and Cognition. Both have long evolutionary momentum.

GROUND ZERO

In a lifeless universe, risk does not come into any equation. Whether planets explode, collide, or are gobbled up by black holes is of no concern, 'stuff happens'. There is no one to feel or express emotion. Sentience is a faculty that emerges billions of evolutionary years beyond ground zero.

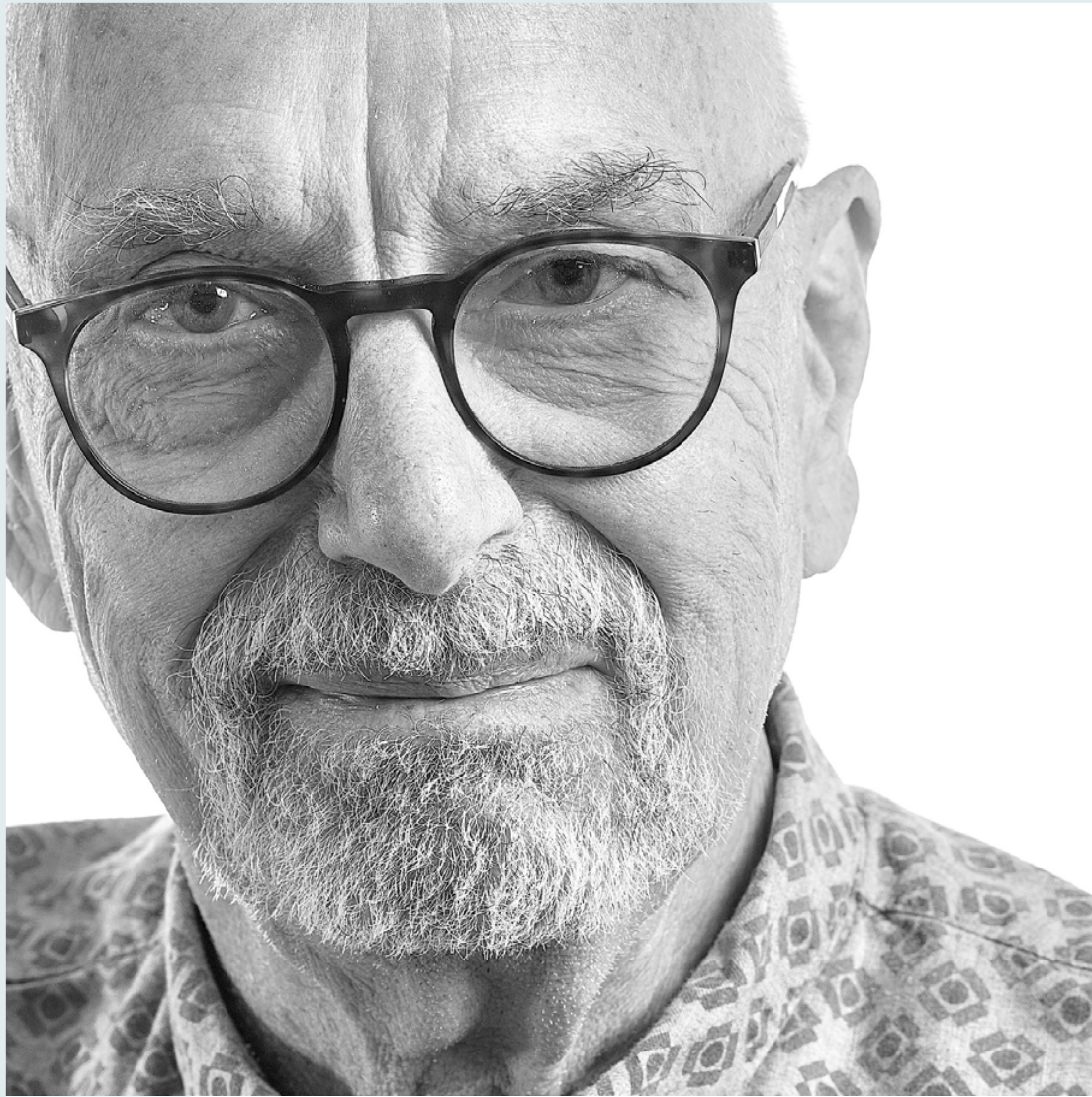
LIFE

About four and a half billion years ago, a single cell reproduced itself. This was the origin of all life. It was also the origin of risk. The potential for risk arises from our fragility, the necessity of taking risks to survive and the inevitability of each life coming to an end. Risk is a necessary corollary of mortality.

BIG NUMBERS IN A MICROBIAL WORLD

For three billion years microbes ruled our planet. A trillion species still take care of soil fertility, the plant life that feeds us, half the oxygen we breath, and the gut microbiota of digestion in all animals. They enable us to make bread to eat and beer and wine to drink, *'the most wonderfully complex and most important part of Earth involved in feeding us, healing us, nurturing us and sustaining us...'* (Mathew Evans, 2021).

Everything alive deals with risk instinctively and maximises opportunity. These simple microbial life forms sense the scarcity of nutrition and manoeuvre towards richer pastures, unconscious survival mechanisms now evolved in complexity. The simplicity of microbes makes assumption of a sentient inner life improbable. >



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SENTIENCE

Experienced feelings probably emerged as ‘gut feelings’ in the turmoil of an adrenaline driven fight and flight response. In life-threatening situations, even a glimmer of consciousness would have been a survival advantage.

CONSCIOUSNESS

William James characterised consciousness as a gradual emergence from darkness into light. One theory suggests that 50,000 years ago this coincided with language development and the explosion of tool artefacts, agriculture, fire and cooking. But unconscious emotions still impact decision making under risk.

EMOTION AND COGNITION

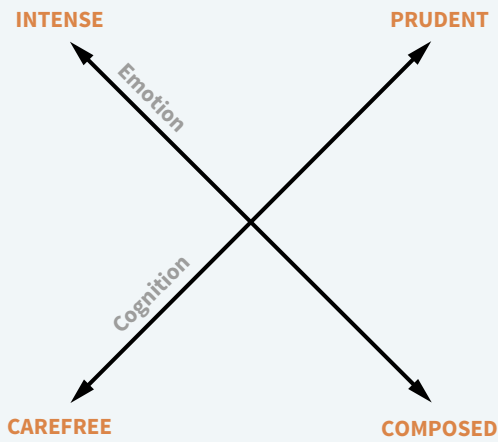
We recognised that ‘*we can only know in the nervous system what we have known in*

behaviour first’ (Julian Jaynes, 1983). A useful over-simplification differentiates an ancient ‘emotional’ (feeling) brain from a later ‘cognitive’ (thinking) brain’. The former looks after us, unconsciously maintaining bodily equilibriums. The latter operates mainly in consciousness, mediated by language, logic and reasoning plugging into memory and perception. However, the unconscious mind is also capable of conjuring up solutions, and: ‘*The emotional action program we call ‘fear’ can get most human beings out of danger, in short order, with little or no help from reason*’ (Antonio Damasio, 2006).

PERSONALITY PSYCHOLOGY

Complementary to neuroscience, psychology has a long history of research exploring emotion and cognition. These two scales underpinning risk personality are capable of rich narrative interpretation: >

FIGURE 1



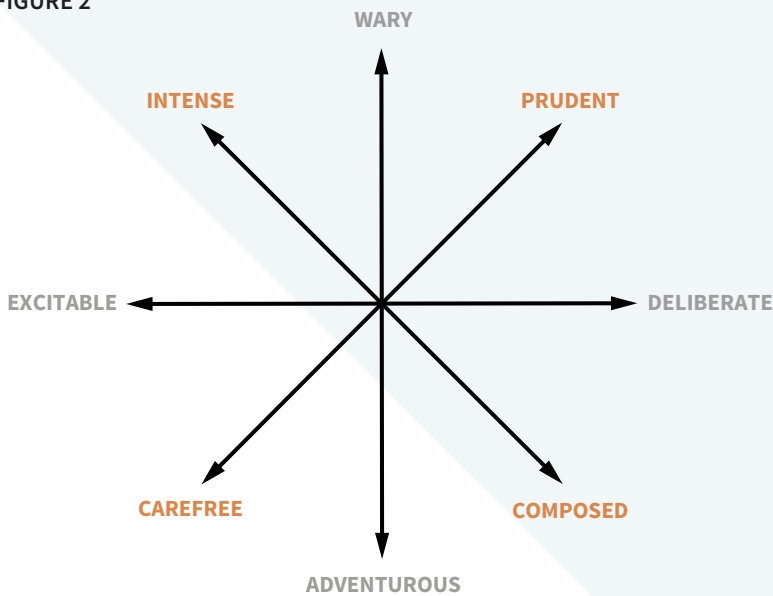
EMOTION

(High): ‘Intense’, fear of insecurity or loss, variable in mood, reactive, intuitive, astute, sensitive, insecure, passionate, anxious, volatile, enthusiastic
 (Low): ‘Composed’, optimistic, forgiving, equable, self-confident, independent, stable, calm, even tempered, resilient, inexpressive, ‘risk-taking by default’

COGNITION

(High): ‘Prudent’, ‘needs to know’, troubled by uncertainty, methodical, perfectionistic, precise, literal, predictable, prefers clear frameworks and routines
 (Low): ‘Carefree’, spontaneous, unpredictable, curious, questioning, opportunity seeking, unperturbed by uncertainty or ambiguity, excitement seeking

FIGURE 2



DECISION MAKING HOMO-SAPIENS

Each description above represents one of the four Risk Type Compass ‘poles’ . The two orthogonal scales (*Figure 1*) reflect the independence of the two systems. Usually assumed to be one dimensional, these are two independent risk appetites. The labelling and narrative for intermediate Risk Types reflects the interactive dynamic between them (*Figure 2*). Many are risk taking cognitively but, at the same time, risk averse emotionally (Excitable Risk Type). Others are risk taking emotionally, and risk averse cognitively (Deliberate Risk Type). The diversity of risk dispositions across the full 360° spectrum of the compass (*Figure 3*), illustrates our unique advantage over other species. Homo Sapiens includes individuals with every possible combination of emotion and cognition and Risk Types are distributed very evenly throughout the population (*Figure 4*). Each has earned its place as >

FIGURE 3

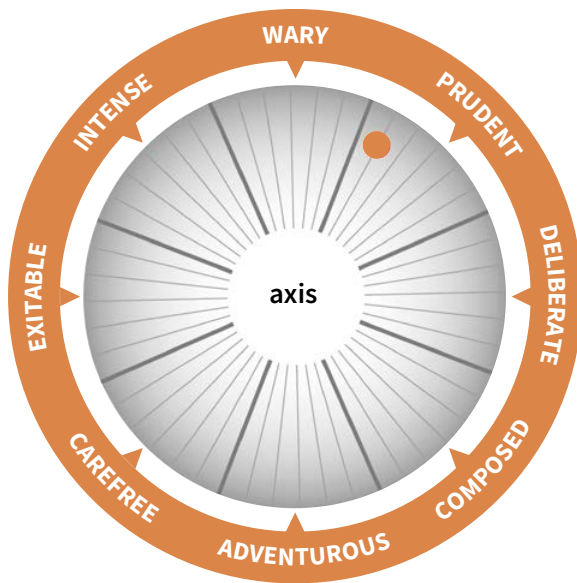
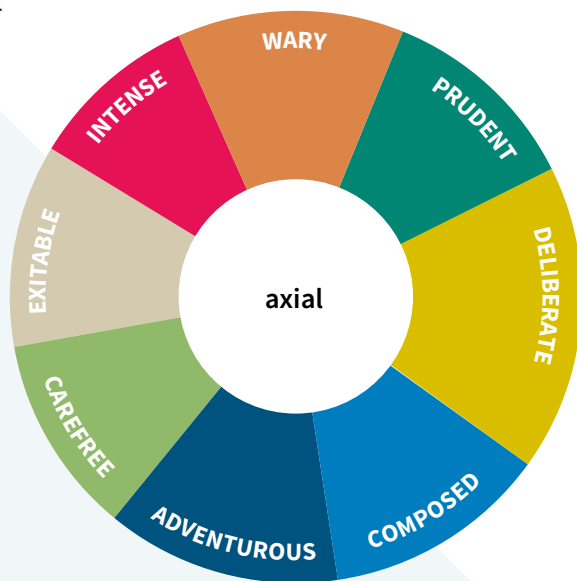


FIGURE 4



an evolutionary survivor in ‘Team Homo-Sapiens’. Each has a valid contribution to make.

Species variability enables consideration of risk and uncertainty from an infinite variety of perspectives. Emotion drives approach and withdrawal. Behind the ‘need to know’ maxim of cognition, is a vast depth of complex reasoning, abstract thinking, introspection, language, culture - a chasm between human and animal intelligence.

CONCLUSIONS

Beneath the radar, potent Risk Type dispositions shape news headlines, observable events, preferred business models and much more. Yet, in risk management, the focus is on the risk horizon; the hypothetical risk ahead, its likelihood and its probable impact, rather than on the ‘here and now’ characteristics of decision makers. Probabilistic reasoning embodies the promise of knowability and has the apparent authority of numbers. But however convincing or reassuring those calculations may be, it will be the risk chemistry of those who make and implement the decisions that will determine final of outcomes. Each Risk Type has its own narrative; its way of viewing the world. To manage risk without recognising these human factors and the group dynamics that they create, is to ignore the forces of nature.

Whether you skip through moving traffic to cross the road, wait for permission from the little green man signal, plan holidays in careful detail or just grab your essentials and go off on the spur of the moment, these will be characteristics that show up in other situations in life. Your risk dispositions will be your most distinctive and most consequential characteristics. <