

Risk Type Compass®

Author: Psychological Consultancy Ltd

PURPOSE	To measure a persons predisposition to risk and their capacity to manage it
ADMINISTER TO	Individuals 15 years and older
READING/EDUCATIONAL LEVEL	Grade 8 (NQF level: 1)
ADMINISTRATION TIME	10 – 15 minutes (102 items)
SCORING OPTIONS	Online
PUBLICATION DATE	2010
HPCSA	Not submitted
TRAINING	Optional workshop
LANGUAGES	English
SA NORMS	No

The Risk Type Compass personality assessment focuses on differences in the way individuals perceive, react to, and manage risk, as well as how they make decisions. Based on extensive global psychological research, it places individuals into one of eight distinctive Risk Types, providing insights that have important implications for individuals, teams and the organisation.

While risk management has previously focused on procedures, regulation and legislation, Risk Type Compass uniquely assesses the risk-taking nature of individuals. By identifying critical individual differences in risk appetite, organisations can maximise potential and balance the contributions of risk-takers and more risk-averse individuals.

ASSESSMENT SCALES

The Risk Type Compass is built on two key factors which determine a person's risk tolerance:

1ST Factor: The aspect of a person's natural temperament that has proven to establish their general reaction to any kind of risk and uncertainty (Risk Type). Based on research, individuals get placed into one of eight easy to understand Risk Types: Spontaneous, Intense, Wary, Prudent, Deliberate, Composed, Adventurous and Carefree. About 12% who are placed close to the mean on both axes of 'the compass' are described as 'Typical'. Risk Type allocation is non-judgmental, and every risk type has its advantages and benefits, disadvantages and challenges.

2ND Factor: An individual's experiences and personal circumstances are likely to influence his/her attitude towards different types of risk (Risk Attitude).

AREAS OF APPLICATION

The Risk Type Compass can be utilised throughout an organisation, from an individual to team level, and at the wider organisational level. It is relevant across all industry sectors, and particularly in the banking/finance, coaching, consulting, manufacturing, insurance and energy sectors.

Applications include:

- Selection/Development/Team Building
- Risk Management (Human Factors)
- Risk Culture Surveys
- Investor Risk Profiling

REPORT OPTIONS

The Risk Type Compass has the following software reports available:

- **Investor Report:** This report is designed to assist investors and financial advisors in discussing portfolio decisions: the risk exposure and investment options that are most suitable. It is accompanied by an additional one page financial advisors report.
- **Personal Report:** With applications in all industries, from C-Suite to shop floor, this report supports human resources planning, health and safety, risk-management, compliance and self-awareness.
- **Team Report:** This report is designed to explore the group's predisposition to risk and it's capacity to manage the risks and decision making required in their role. It supports team development events, the exploration of group dynamics and considers selection of team members to achieve the desired balance of Risk Types.

- **Auditor Report:** Based on a shorter assessment process, this report focuses only on the 1st Factor (see above), exploring the individual's Risk Type and risk tolerance. It is used for Human Factor Risk Audit, Risk Landscape Survey and other survey applications.