# Article information:

Operational Risk Overview, Importance, and Examples
<https://www.investopedia.com/terms/o/operational_risk.asp>

# Article summary:

1. Operational risk refers to the uncertainties and hazards a company faces in its day-to-day business activities, procedures, and systems.

2. Operational risk can be caused by people, processes, systems, or external events and falls into the category of business risk.

3. Companies can manage operational risk by anticipating risks before they arise, performing cost/benefit analysis, avoiding unnecessary risk, and delegating strategic planning to upper management.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article provides a comprehensive overview of operational risk, its causes, categories, and management strategies. However, there are some potential biases and missing points of consideration that need to be addressed.

One-sided reporting is evident in the article's emphasis on human error as the primary cause of operational risk. While it is true that people can contribute to operational risk, external events such as natural disasters or cyber attacks can also have a significant impact. The article could have provided more balanced reporting by exploring these other causes in greater detail.

Another potential bias is the article's focus on cost-benefit analysis as a key management strategy for operational risk. While this approach may work well for some companies, it may not be appropriate for all situations. For example, some risks may be difficult to quantify in financial terms, making it challenging to determine whether the benefits outweigh the costs.

The article also lacks evidence to support some of its claims. For instance, it states that industries with lower human interaction are likely to have lower operational risk without providing any data or research to back up this assertion.

Additionally, the article does not explore counterarguments or alternative perspectives on managing operational risk. For example, while delegating decisions to upper management may work well for some companies, others may benefit from involving employees at all levels in identifying and mitigating risks.

Finally, while the article notes that companies should anticipate risk and have a plan in place to manage it, it does not provide specific examples of how this can be done effectively. This omission leaves readers without practical guidance on how to implement this important management strategy.

Overall, while the article provides a useful introduction to operational risk and its management strategies, readers should approach its content with a critical eye and seek out additional sources of information before making decisions about their own businesses' risks.

# Topics for further research:

* Natural disasters and operational risk management
* Cybersecurity and operational risk
* Quantifying non-financial operational risks
* Impact of human interaction on operational risk
* Employee involvement in operational risk management
* Best practices for anticipating and managing operational risk

# Report location:

<https://www.fullpicture.app/item/dc974a489d3a53513fd42cf6fa40fa3e>