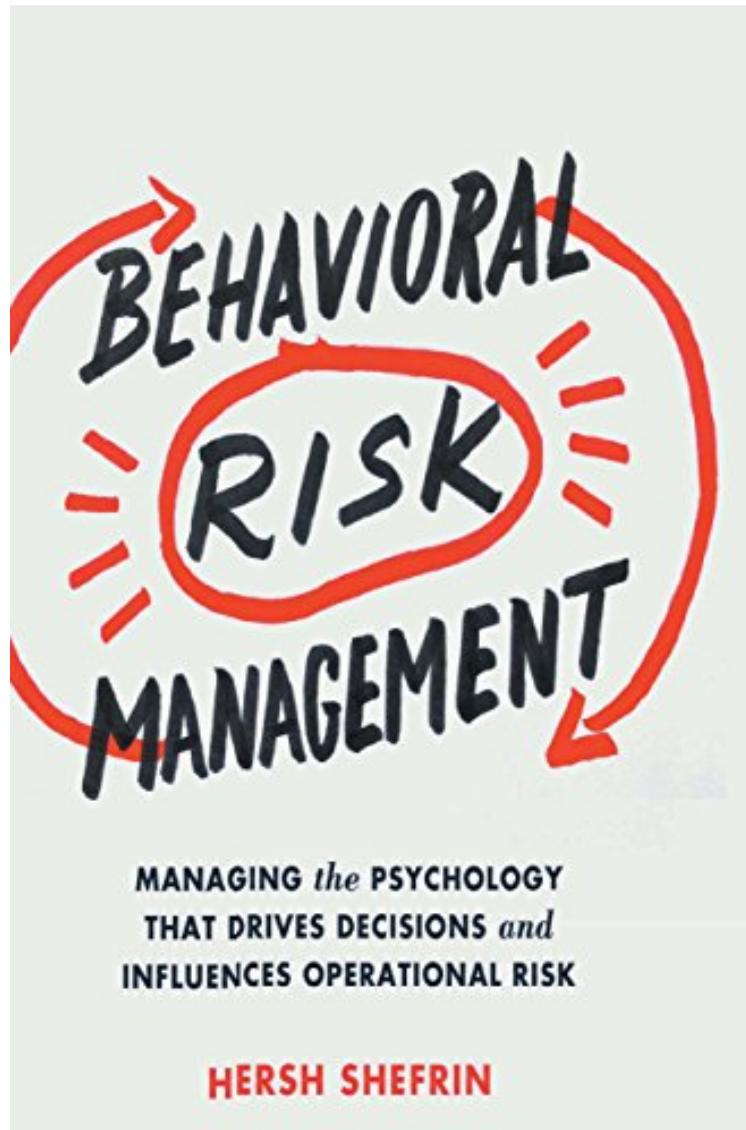


(Pdf free) Behavioral Risk Management: Managing the Psychology That Drives Decisions and Influences Operational Risk

# Behavioral Risk Management: Managing the Psychology That Drives Decisions and Influences Operational Risk

*Hersh Shefrin*

*audiobook / \*ebooks / Download PDF / ePub / DOC*



DOWNLOAD



READ ONLINE

#465153 in eBooks 2016-04-29 2016-04-29 File Name: B017J5HB4G | File size: 61.Mb

**Hersh Shefrin : Behavioral Risk Management: Managing the Psychology That Drives Decisions and Influences Operational Risk** before purchasing it in order to gage whether or not it would be worth my time, and all praised Behavioral Risk Management: Managing the Psychology That Drives Decisions and Influences Operational Risk:

The psychological dimension of managing risk is of crucial importance, and its study has led to the identification of specific do's and don'ts. Those with an understanding of the psychology underlying risk and the skills to recognize its manifestation in practice, have the opportunity to develop frameworks that embody the do's and don'ts, thereby producing sound judgments and good decisions. Those lacking the understanding and the skills are destined to be more hit and miss in their approach to risk management, doing the don'ts and not doing the do's. Virtually every major risk management catastrophe in the last fifteen years has psychological pitfalls at its root. The list of catastrophes includes the 2008 bankruptcy of Lehman Brothers and subsequent global financial crisis, the 2010 explosion at BP's Macondo well in the Gulf of Mexico and the 2011 nuclear meltdown at the Fukushima Daiichi power plant. A critical lesson from psychological studies for those involved in risk management is that people's judgments and decisions about risk vary with type of circumstance. In Behavioral Risk Management readers will learn that there are specific actions that organizations can undertake to incorporate understanding, recognition, and behavioral interventions into the practice of risk management. There are many examples throughout the book that illustrate doing the don'ts. The chapters in the first part of the book introduce the main ideas, and the chapters in the latter part provide insight into how to apply those ideas to the practical world in which risk managers operate.

"Hersh is a pioneer in Behavioral Risk Management who is always looking at the application of the concepts he teaches. He has predicted the BP Oil Spill(s) long before happening, and has the capacity to understand very complex businesses and offer very pragmatic solutions. Learn how to prevent Operational Risk in Finance and the events that shaped Risk Culture." Alexandru Voicu, Portfolio Manager, Certinvest'Behavioral Risk Management is an accessible, insightful, and necessary work for anyone who is involved in the pursuit of value creation. Hersh Shefrin has managed to combine an examination of the research into the psychology of risk with specific applications and examples of its impact on real life situations. Like Luca Celati's The Dark Side of Risk Management, Shefrin's work brings important issues to the forefront that are unknown to most risk managers. Knowledge of the influence of psychology on behavior and risk enhances opportunities, while there may be unexpected peril for those who ignore these insights. This is book is essential reading.' David R. Koenig, Founding Principal, The Governance Fund nbsp; 'This book provides a complete understanding of why behavioral components have to be included in risk management. Either from a micro, a macro, or a regulation perspective, quants and rationality have revealed their limits. Drawing from the major disasters, Shefrin provides a thorough analysis of the psychological components which led to such outcomes. Without any overconfidence bias, this is a must-read for anyone involved in operational risk management.' Catherine Lubochinsky, Professor, University of Paris II'Behavioral finance offers many useful lessons for risk managers that have not been fully embraced by the profession yet. This book provides a comprehensive and accessible presentation of behavioral finance and then highlights these concepts in multiple case studies provided from the risk management failures of the recent past. Risk managers can use this book to extend their toolkits beyond the typical quantitative measures of risk by considering the impact, and shortcomings, of human psychology.' Chris Donohue, Global Association of Risk Professionals"Professor Shefrin demonstrates how fundamental psychological factors influence risk-taking decisions and affect investment returns, corporate performance, and societal wealth creation. Shefrin's findings are informed by a dedicated research effort stretching over a decade. Showing the importance of subtle human traits, this seminal book is a must for students and scholars in finance, economics, and management as well as executives, policy makers, and regulators." Torben Juul Andersen, Professor of International Management and Strategy, Copenhagen Business School "This book explains the key role of psychology in risk management. All risk managers and students of risk management will find the book's insights indispensable." John Hull, Maple Financial Professor of Derivatives and Risk Management, Joseph L. Rotman School of Management, University of Toronto "Hersh is a pioneer in Behavioral Risk Management who is always looking at the application of the concepts he teaches. He has predicted the BP Oil Spill(s) long before happening, and has the capacity to understand very complex businesses and offer very pragmatic solutions. Learn how to prevent Operational Risk in Finance and the events that shaped Risk Culture." Alexandru Voicu, Portfolio Manager, Certinvest'Behavioral Risk Management is an accessible, insightful, and necessary work for anyone who is involved in the pursuit of value creation. Hersh Shefrin has managed to combine an examination of the research into the psychology of risk with specific applications and examples of its impact on real life situations. Like Luca Celati's The Dark Side of Risk Management, Shefrin's work brings important issues to the forefront that are unknown to most risk managers. Knowledge of the influence of psychology on behavior and risk enhances opportunities, while there may be unexpected peril for those who ignore these insights. This is book is essential reading.' David R. Koenig, Founding Principal, The Governance Fund nbsp; 'This book provides a complete understanding of why behavioral components have to be included in risk management. Either from a micro, a macro, or a regulation perspective, quants and rationality have revealed their limits. Drawing from the major disasters, Shefrin provides a thorough analysis of the psychological components which led to such outcomes. Without any overconfidence bias, this is a must-read for anyone involved in operational risk management.' Catherine Lubochinsky, Professor, University of Paris II'Behavioral finance offers many useful lessons for risk managers that have not been fully embraced by the profession yet. This book provides a comprehensive and accessible presentation

of behavioral finance and then highlights these concepts in multiple case studies provided from the risk management failures of the recent past. Risk managers can use this book to extend their toolkits beyond the typical quantitative measures of risk by considering the impact, and shortcomings, of human psychology.' Chris Donohue, Global Association of Risk Professionals "Professor Shefrin demonstrates how fundamental psychological factors influence risk-taking decisions and affect investment returns, corporate performance, and societal wealth creation. Shefrin's findings are informed by a dedicated research effort stretching over a decade. Showing the importance of subtle human traits, this seminal book is a must for students and scholars in finance, economics, and management as well as executives, policy makers, and regulators." Torben Juul Andersen, Professor of International Management and Strategy, Copenhagen Business School "This book explains the key role of psychology in risk management. All risk managers and students of risk management will find the book's insights indispensable." John Hull, Maple Financial Professor of Derivatives and Risk Management, Joseph L. Rotman School of Management, University of Toronto

From the Back Cover

The psychological dimension of managing risk is of crucial importance, and its study has led to the identification of specific do's and don'ts. Those with an understanding of the psychology underlying risk and the skills to recognize its manifestation in practice, have the opportunity to develop frameworks that embody the do's and don'ts, thereby producing sound judgments and good decisions. Those lacking the understanding and the skills are destined to be more hit and miss in their approach to risk management, doing the don'ts and not doing the do's. Virtually every major risk management catastrophe in the last fifteen years has psychological pitfalls at its root. The list of catastrophes includes the 2008 bankruptcy of Lehman Brothers and subsequent global financial crisis, the 2010 explosion at BP's Macondo well in the Gulf of Mexico and the 2011 nuclear meltdown at the Fukushima Daiichi power plant. A critical lesson from psychological studies for those involved in risk management is that people's judgments and decisions about risk vary with type of circumstance. In Behavioral Risk Management readers will learn that there are specific actions that organizations can undertake to incorporate understanding, recognition, and behavioral interventions into the practice of risk management. There are many examples throughout the book that illustrate doing the don'ts. The chapters in the first part of the book introduce the main ideas, and the chapters in the latter part provide insight into how to apply those ideas to the practical world in which risk managers operate.