

Qualitative and quantitative risk analysis

Business



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Quantitative and Qualitative Risk Analysis Introduction Risk analysis is a process that is needed in the risk management knowledge and planning activities of the organization. Qualitative risk is applied on pre-determined ranking measures based on the likelihood of their occurrence and the effect it may impact on the organization in case the risk occurs, while quantitative risk analysis is done on ratings as to know the possibility analysis of the project.

Qualitative risk analysis is commonly used where there is certainty of the project and the level of the risk is minimal so that the project can be implemented without any risk assessment (Garcia, 2009). It is also preferred in scenarios when the project specifics are not required by the organization. Qualitative risks are again commonly preferred over the quantitative risk analysis in areas where the risk categorization of risk is required by the organization (Garcia, 2009). Classification of the risks provides the management with the probability of risk originating in various departments is determined so as to take measures in case they occur.

Qualitative analysis is preferred when the organization is small since the method is simple as the statistic can be easily analyzed as opposed to the complex analysis involved in the quantitative risk assessment with time consuming procedures (Garcia, 2009). Since it is simple, it requires little cost in the assessment which can be easily affordable to the management.

Qualitative risk is used in scenes where there is no software by the organization as it does not need a specific for its analysis since the quantitative analysis must be performed by specific softwares which might be costly to the institution (Garcia, 2009).

Reference:

<https://assignbuster.com/qualitative-and-quantitative-risk-analysis/>

Garcia, D. (2009). Quality management. Chandni Chowk, Delhi [India: Global Media.