

**IRM INTERNATIONAL DIPLOMA IN RISK
MANAGEMENT**

SYLLABUS AND LEARNING OUTCOMES

CORE MODULES



Leading the risk profession

Module One: Principles of Risk

M1 Syllabus

Unit One: What you should know; what you will learn

Establishes the expectations going into the Diploma and reflects on the intended outcomes.

Unit Two: Risk: an introduction

Introduces and reviews definitions of risk and affiliated concepts.

Unit Three: A modern understanding of risk: part 1

Further explores risk and affiliated concepts with an emphasis on cultural and psychological dimensions.

Unit Four: A modern understanding of risk: part 2

Further explores risk and affiliated concepts with an emphasis on the objective, scientific nature of those concepts.

Unit Five: Risk issues, problems and challenges

Exposes students to several subjects related to risk and its meaning to modern organisations.

Unit Six: Risk: an application

Provides an application/case setting in which students can think critically about the concepts and principles set forward in the previous units.

Unit Seven: A short history of risk management

Discusses the practice of risk management with a focus on the factors that have driven its evolution.

Unit Eight: Risk management: the modern scene

Explores the practice of risk management with reference to its modern characteristics and current developments.

M1 Learning Outcomes

By the end of the module students should be able to:

- Explain the rationale for developing risk management in an organisational context.
- Understand and explain the significance of uncertainty management compared with threat and opportunity management.
- Identify and explain the drivers of modern risk management practices.
- Explain the complexities associated with defining and understanding risk.
- Understand and explain some important issues, problems and challenges encountered by individual risk managers and the risk management community.
- Explain the range of factors that can influence the perception of risk and principles involved in achieving effective risk identification.
- Explain the ways in which risk and uncertainty may be quantified and the limitations to quantification, including the treatment of interdependencies between sources of uncertainty.
- Explain the history of risk management and the important antecedents influencing the modern risk management world.

Module Two: Risk and Organisations

M2 Syllabus

Unit One: Understanding the risk environment

- Regulatory environment: legal sensitivity, the effect of licensing and other constraints on business.
- Especially hazardous activities: construction, healthcare, transport.
- Environmental factors: weather, pollution risks, political stability.
- Brand risk issues.
- Understanding how these issues drive the “risk emphasis” in an organisation.

Unit Two: Organisational structures and their impact on risk management

- Centrally controlled versus diversified organisations.
- The role of the centre in establishing risk management responses and in setting risk appetite and risk tolerance.
- Culture of devolution of responsibility with accountability.

Unit Three: Risk governance

- How risk management functions are positioned within organisations: reporting lines, chief risk officer (CRO) function, terms of reference for risk/audit and other teams.
- How all aspects of risk are managed in organisations: risk committees and risk round tables.
- How corporate governance requirements motivate directors towards risk management.
- Role of shareholders in influencing risk management.
- Importance of risk reporting, internally up through and across organisations and externally to Stakeholders

Unit Four: Acceptance of risk in organisations

- How risk appetite drives an organisation’s response to risk.
- What characterises an organisation’s approach to the tolerance, aversion and appetite for risk.
- National cultures and their influence on the risk profile of an organisation.
- Business strategies in transferring and avoiding risks.
- How contingency planning, crisis management and recovery planning play their part in managing risk.

M2 Learning Outcomes

By the end of the module students should be able to:

- Understand that the risks that organisations face vary according to the nature of the business and operating environment of the organisation.
- Identify the “risk emphasis” of organisations.
- Understand that the way that risks are addressed will vary according to the management style of the organisation.
- Explain how organisational structures vary and how risk management activities become embedded in those structures.
- Understand the importance of communication of risk and risk language in an organisation.
- Explain the influence of corporate governance practices on risk management responses.
- Explain how an organisation considers and sets its risk appetite and tolerance.
- Review the crisis management and contingency plans of organisations and set these in context of the wider risk management framework.
- Review the publicly available information on an organisation’s risk profile and gain an understanding of the risk management activities within the organisation.

Module Three: Risk Decisions

M3 Syllabus

Unit One: Decision making, an introduction

This first unit introduces students to decision theory and decision making strategies.

Unit Two: Decision makers, risk thinking and decision making

Recognising that people make non-routine risk decisions, students will explore decision makers' predispositions (personality, background, gender, values, attitudes, beliefs, education and experience) and their impact on the risk management process, risk decisions and behaviour.

Unit Three: Risk problem structuring and the creation of risk information and knowledge

In this unit students focus in detail on risk identification, estimation, evaluation and analysis generally. Both quantitative and qualitative methods and techniques are explored and explained.

Unit Four: Using technology to support risk decision making

Unit Four builds upon the previous unit and identifies how technology (specifically databases, spreadsheets, decision support and business intelligence software, and specific risk decision software) can enable the risk management process.

Unit Five: Critical risk thinking and improved risk decision making

The final unit focuses on the outputs of the risk management process and sub-processes. In this session, students will consider the challenges of communicating risk information to a range of organisational stakeholders for a variety of purposes.

M3 Learning Outcomes

By the end of the module students should be able to:

- Compare and contrast methods used to generate risk information and risk knowledge.
- Examine how decision maker characteristics may impact risk decision making within the organisation.
- Explain the role of technology in support of the risk information and knowledge creation process.
- Identify how technology may support risk problem solving and the risk decision making process.
- Identify the steps in the problem solving process and evaluate the role of risk information and risk knowledge in support of organisational risk decisions.
- Understand concepts related to problem solving and decision making: distinguish the main organisational risk decisions in contemporary organisations.

Module Four: Risk Leadership

M4 Syllabus

Unit One: Strategic management and risk leadership in overview

The formal strategic management process comprising: mission statement, external and internal analysis, strategy formulation and implementation, and strategic control.

Unit Two: Understanding the strategic environment

- The SWOT analytical approach, contrasting the analyses of strengths, weaknesses, opportunities and threats to formal risk analysis.
- Scenario planning and its potential advantages.

Unit Three: Corporate governance

Different approaches to risk analysis and risk management:

- A multinational finance perspective.
- An international business perspective.
- An integrative risk management perspective.
- A strategic exposure perspective.

Unit Four: Strategic management processes

Strategic controls in the context of management information systems and benchmarking.

Unit Five: Risk management frameworks

Strategic flexibility and real options perspectives in strategic decision making.

Unit Six: Strategic management in action

Alternative views on the strategy formation process:

- Emergent strategy and autonomy.
- Lower level development efforts and resource commitments.
- Participatory and dispersed decision making.

Unit Seven: Strategic management and risk management - a closer look

Strategic response capabilities and responsive organisations.

Unit Eight: Strategic management and risk management - an even closer look

Risk management rationales and the risk-return relationship.

Unit Nine: Strategic management challenges

Integrating risk management and strategic management.

Unit Ten: Risk leadership and ethics

Challenges arising from ethical dimensions of strategy, governance and risk management.

M4 Learning Outcomes

By the end of the module students should be able to:

- Outline the elements of the formal strategic management process and alternative perspectives on corporate strategy formation.
- Discuss the interacting roles of planning, management control and emerging opportunities in creating adaptive strategic responses.
- Describe the formal role of strategic control and its relationship to the mission statement and corporate governance issues.
- Assess dominant regulatory initiatives on corporate governance in the context of values-based management approaches.
- Explain different rationales for potential economic benefits from risk management and the resulting risk-return relationships.
- Discuss the characteristics of organisational agility and strategic responsiveness and outline the potential risk-return effects.
- Discuss the dual needs for specialised risk management expertise and integrative strategic planning approaches.
- Discuss how different risk management capabilities can be incorporated into the complex strategy making process.
- Discuss in some detail the ethical bases or frameworks for risk management practices.

Module Five: Risk Solutions

M5 Syllabus

Unit One: Structured approaches to managing risk

- Explains the business benefits associated with adopting a proactive and structured approach to managing organisation risks.
- Explores how an organisation implementing an enterprise-wide approach to managing risk needs to adopt a range of techniques to address specific risks.
- Identifies the consequences of not managing risks successfully through case studies of the impacts of significant organisational threats and the failure to seize significant business opportunities.

Unit Two: Risk management strategies

- Identifies a range of potential strategies for managing risk including resilience, flexibility, robustness and controls.
- Critically evaluates the benefits and limitations of each alternative strategy.
- Imparts understanding where regulatory measures, such as *Basel II*, *Solvency II*, *Sarbanes-Oxley*, etc, impose constraints on an organisation in terms of the approaches available.

Unit Three: Internal controls

- Explains the fundamental purpose of internal controls and how a sound system is established.
- Determines how controls provide reasonable assurance regarding the effectiveness of organisational operations, procedures and compliance with external regulatory requirements.

Unit Four: Hierarchy of risk responses

- Outlines a range of potential risk responses and explaining why these fit into a natural hierarchy.
- Explores how there may not be a single possible response to a specific risk and how risk responses need to be tailored to each risk issue.

Unit Five: Eliminate and control risk

- Explains how strategies associated with eliminating risk at source are implemented by reference to concepts such as “inherent safety” and learning from other organisations’ mistakes.
- Explains how strategies associated with modifying the probability of occurrence of outcomes are developed by reference to a range of approaches including:
 - Risk control as applied to property loss control, fire safety and physical security.
 - Health, safety and environmental management.
 - Financial fraud risk management.
 - IT security risk management.
 - Portfolio management of opportunities (private equity portfolios, pharmaceutical product pipelines).
- Explains how strategies associated with modifying the consequences of an event that occurs, are developed by reference to a range of approaches including:
 - Crisis management and communication.
 - Business continuity management.

Unit Six: Risk financing

- Explains how strategies associated with transferring the consequences of events are developed by reference to a range of approaches including:
 - Contractual risk transfer.
 - Outsourcing of services.
 - Insurance.
 - Securitisation and catastrophe bonds.
 - Derivatives and treasury risk management solutions, and
 - Blended solutions such as risk retention and alternative risk financing (ARF).
- Briefly reviews the mechanisms of application as well as the strengths and limitations of each.

Unit Seven: Managing uncertainty and capturing opportunities

- Explains how strategies associated with developing resilient and flexible organisations are devised by reference to a range of approaches including information system networks.
- Explains how strategies associated with seeking out risk are developed, particularly with reference to deriving business benefit and opportunities from operating with high levels of risk. Considers issues such as:
 - Managing organisational change
 - Corporate social responsibility
 - Evaluating merger and acquisition opportunities.

Unit Eight: Risk management decisions

- Explains how to evaluate a range of potential risk responses including an introduction to the use of cost/benefit analysis techniques.
- Imparts understanding of how an organisation managing a range of enterprise risks needs to adopt techniques capable of facilitating management decision making when resources available to manage risks are finite.

Unit Nine: Risk management programmes

- Explains how the range of risk responses reviewed to date can be brought together within an overall risk management programme.
- Identifies the different elements of a risk management system (policy, objectives, roles and responsibilities, risk assessment, risk controls, monitoring, auditing and reporting) and how these are implemented in practice.
- Explores how an organisation can implement a risk management programme.
- Identifies ways of sustaining the development of a risk management programme over time including techniques such as continuity improvement.

Unit Ten: Risk management culture

- Explores the cultural aspects of implementing a risk management programme, including how to select approaches that are appropriate to a particular organisation's culture.
- Imparts understanding of how to translate a risk management policy and strategy into a series of medium-term (three to five years) risk management objectives and hence implement a risk management improvement programme.
- Imparts understanding of what can happen if a risk management programme is not adapted to an organisation's culture.
- Explores how to manage and monitor a risk management improvement programme across a large or complex organisation.

- Imparts understanding of the need to develop and embed risk management skills and understanding in the organisation to support the implementation of a risk management programme.
- Introduces the concept of a “learning organisation”.
- Explores the value of monitoring and auditing programme progress as a way of evaluating the effectiveness of risk responses and encouraging continuous improvement.

M5 Learning Outcomes

By the end of the module students should be able to:

- Explain why adopting a structured approach to managing risks is a successful strategy.
- Identify a series of different strategies that can be adopted for managing risks, in terms of both securing opportunities and mitigating threats.
- Examine the nature of these different strategies.
- Explain how strategies are evaluated and selected to address specific risks.
- Understand how risk responses are brought together within an overall risk management programme.
- Understand how risk management programmes can be adapted to organisation cultures to embed risk management approaches

The Institute of Risk Management
6 Lloyd's Avenue
London
EC3N 3AX
Tel: + 44 (0)20 7709 9808
www.theirm.org