



# International Diploma in Risk Management

## Core Module Four: Risk Leadership

### Module aims

The overarching aim of this module is

To provide a thorough understanding of the complex strategy making process and the relationships between corporate governance, management practice, moral / ethical considerations and the risk management outcomes.

This will be accomplished by exposing the student to an organised series of readings that deal with different aspects of the strategic management process and placing this in the context of prevailing corporate governance frameworks and values-based management practices.

We will study the formal risk management requirements as expressed by various rules-based and principles-based corporate governance frameworks and contrast them with alternative ways of construing strategy formation in organisations. In particular, we want to consider the potential interaction between formal, planned and controlled processes with responsive initiatives where strategy emerges when opportunities and threats are dealt with on an *ad hoc* basis as and when they arise.

We will consider different explanations for potential benefits from effective risk management practices and relate these to alternative strategy making processes that eventually may constitute more effective integrative risk management practices. We will study experiences and lessons learned from high reliability organisations and thereby integrate different strategic, organisational, and cultural characteristics into the analyses of risk management effectiveness.

### Module learning outcomes

The course readings assigned for each of the 10 study sessions are diverse and cover different aspects of strategy creation, corporate governance, management information systems and controls, responsive organisational structures, behaviours, ethics and cultures. After completing the module by reading the material and considering the associated study questions, the student should be able to:

1. Outline the elements of the formal strategic management process and alternative perspectives on corporate strategy formation.
2. Discuss the interacting roles of planning, management control and emerging opportunities in creating adaptive strategic responses.
3. Describe the formal role of strategic control and its relationship to the mission statement and corporate governance issues.

4. Assess dominant regulatory initiatives on corporate governance in the context of values-based management approaches.
5. Explain different rationales for potential economic benefits from risk management and the resulting risk-return relationships.
6. Discuss the characteristics of organisational agility and strategic responsiveness and outline the potential risk-return effects.
7. Discuss the dual needs for specialised risk management expertise and integrative strategic planning approaches.
8. Discuss how different risk management capabilities can be incorporated into the complex strategy making process.
9. Discuss in some detail the ethical bases or frameworks for risk management practices.

## **Module 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.