



International Diploma in Risk Management

Core Module Two: Risk and Organisations

Module aims

The aims of this module are to take students through the different dimensions of risk and how risk influences organisations. This then leads to an understanding of how risks change for different organisations and how they respond. Analysis of corporate governance styles and the over-riding culture of a firm and review of case studies will create the ability in students to understand and assimilate the management approaches that result in a given response to risk.

The key learning message in Module Two is that students need to appreciate that the risk management techniques that are learned through the IRM Diploma course are highly practical, but they do need to be adapted to the specific, real world organisational setting in which the student will be applying that knowledge.

The case studies contained within the Module Two text are employed to illustrate real life examples of how risk issues are addressed. Students will gain experience of looking at each organisation's unique approach to risk management.

Module learning outcomes

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

1. Understand that the risks that organisations face vary according to the nature of the business and operating environment of the organisation.
2. Identify the "risk emphasis" of organisations.
3. Understand that the way that risks are addressed will vary according to the management style of the organisation.
4. Explain how organisational structures vary and how risk management activities become embedded in those structures.
5. Understand the importance of communication of risk and risk language in an organisation.
6. Explain the influence of corporate governance practices on risk management responses.
7. Explain how an organisation considers and sets its risk appetite and tolerance.
8. Review the crisis management and contingency plans of organisations and set these in context of the wider risk management framework.

9. Review the publicly available information on an organisation's risk profile and gain an understanding of the risk management activities within the organisation.

Module syllabus

Module 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

Module 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

Module 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

Module 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