Important Notice

The material contained in this study guide is in the nature of general comment only and is not advice on any particular matter. No one should act on the basis of anything contained in this guide without taking appropriate professional advice upon the particular circumstances. The Publisher, the Editors, and the Authors do not accept responsibility for the consequences of any action taken or omitted to be taken by any person, whether a subscriber to this guide or not, as a consequence of anything contained in or omitted from this guide.
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We welcome ideas to improve these course materials.
Please email suggestions to coursematerials@agsm.edu.au
## Course schedule

### Semester 2, 2015

#### Enterprise Risk Management

<table>
<thead>
<tr>
<th>Week no</th>
<th>Week begins</th>
<th>Unit</th>
<th>Assessment due (% weighting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>27 July</td>
<td>1</td>
<td>Participation is assessed throughout the semester (15%)</td>
</tr>
<tr>
<td>2</td>
<td>3 August</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>10 August</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>17 August</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>24 August</td>
<td>5</td>
<td>Assignment 1 due on 24 August by 9.30am Sydney time – report (20%)</td>
</tr>
<tr>
<td>6</td>
<td>31 August</td>
<td>6</td>
<td></td>
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<tr>
<td>7</td>
<td>7 September</td>
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<td>8</td>
<td>14 September</td>
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<td></td>
</tr>
<tr>
<td>9</td>
<td>21 September</td>
<td>9</td>
<td></td>
</tr>
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</table>

**Mid-term recess:** Saturday 26 September – Monday 5 October*

<table>
<thead>
<tr>
<th>Week no</th>
<th>Week begins</th>
<th>Unit</th>
<th>Assessment due (% weighting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>6 October*</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>12 October</td>
<td>11</td>
<td>Assignment 2 due on 12 October by 9.30am Sydney time – report (30%)</td>
</tr>
<tr>
<td>12</td>
<td>19 October</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>26 October</td>
<td></td>
<td>Independent reflective learning and review</td>
</tr>
<tr>
<td>14</td>
<td>2 November</td>
<td></td>
<td>Examination week Examination** Wednesday 4 November – 10am if sitting on campus (35%)</td>
</tr>
</tbody>
</table>

* Monday 5 October is a public holiday in NSW  
** Examination is 2 hours, open book
Course information

Course-level aims and learning goals

This course considers external and internal drivers that can result in a range of compliance, operational, financial and strategic risks manifesting in organisations. Typical areas of impact examined will include finance, business operations, IT, innovation and reputation. An organisation’s culture can impact on the effectiveness of its risk management, which needs to be incorporated into all business planning and decision-making.

The course covers the role of corporate governance and compliance, introducing students to relevant standards and suggests methods of developing and implementing appropriate risk-management strategies. Some of the effective tools available for identifying, assessing and quantifying risk are presented, along with emerging issues in enterprise risk management.

It is the objective of the Course Coordinator that each student completing the course possesses a different view of the concept of risk and how it affects their personal, professional and corporate lives. In addition to a different perspective on risk, each participant should feel they are familiar with the tools and techniques of managing risk to reduce its adverse impacts and increase the opportunities risk presents.

This course is best undertaken after you have studied some business courses and/or technology courses. It is a general course in managing risk in organisations.

Some AGSM courses focus on managing risk in more specific contexts; e.g. managing project risk is dealt with in detail in Project Management; managing environmental risk is dealt with in detail in Business Management for a Sustainable Environment; and managing IT risks is covered in more detail in Information Systems Management.
Course learning outcomes

When you have completed this course you should be able to:

1. describe the range of risks facing organisations (public/private, SMEs, large multinationals, or not-for-profit organisations)
2. explain how organisational culture can impact on the effectiveness of an organisation’s risk management
3. be familiar with leading international standards for the management of risk
4. recognise and explore how and why risk management needs to be incorporated into all business decision-making and planning
5. appreciate the role of governance in enterprise risk management
6. display familiarity of concepts behind the keys risks involved in the areas of finance, operations, IT, innovation and reputation
7. select and use valid and effective tools for identifying, assessing and quantifying risk
8. develop and implement appropriate risk-management strategies
10. develop effective business cases for intangible issues such as potential risk and future rewards, to a level suitable for executive management decision making
11. discuss the social impacts of risk, not only on your particular organisation, but also on the student as an individual, their family and society as a whole
12. discuss the social impacts of risk, not only on your particular organisation, but also on the student as an individual, their family and society as a whole.

Structure

Unit 1, *Introduction to enterprise risk management*. In this first Unit, we will explore the guiding principles of enterprise risk management, its standards and its application in the modern organisation.

Unit 2, *Role of governance and audit in managing risk*. This Unit principally covers the role of the Board of Directors in risk management, the impact of the regulatory environment, and monitoring mechanisms such as the audit.

Unit 3, *Financial risk measurement* and Unit 4, *Financial risk management*. In these Units, we survey a number of measures or techniques that can be used to identify, understand, reduce or eliminate an organisation’s exposure to financial risk. Unit 3 focuses on the identification and understanding of common sources of financial risk and Unit 4 reviews a wide range of risk treatment and mitigation strategies.
Unit 5, *Operational risk I*. In this Unit, we examine the significance of operational risks and the application of the risk-management process to these kinds of risks. We also consider risk-management information systems.

Unit 6, *Operational risk II*. Here we look at examples of the management of common operational risks, including crime risks, liability risks, project risks, merger and acquisition risks and disaster recovery.

Unit 7, *IS/IT business risks*. The objective of this Unit is to provide an introduction to the concepts and practices of IS/IT risk management. To achieve this, we will explore the risks to business operations that IS/IT represents and how these risks can be managed.

Unit 8, *IT project risk*. The aim of this Unit is to provide an introduction to the concepts and practices of IT project risk management. We explore the nature of IT project risks and how they should be managed. We present an overview of the nature of IT projects, define what is meant by IT project risk, and look at the key classes of IT project risk.

Unit 9, *Managing risk in the public sector*. Although you may not work in a public-sector organisation, you may need to work with one as a customer, supplier or project partner. In this Unit, we examine what is different about risk management in the public sector.

Unit 10, *Disaster Risk Management*. In this Unit, we examine the risks and impacts of emergencies, crises and disasters on our organisations, and develop frameworks for treatment and mitigation strategies to address the risk of significant events affecting our organisations and ourselves. We will examine methods to assist in the development of business cases to illustrate the risk and impacts of low frequency, high severity disaster type events.

Unit 11, *Risk tools*. Here we examine the role of risk-analysis tools in the ERM process. We evaluate the advantages and disadvantages of qualitative, semi-quantitative and quantitative risk analysis and management tools, and provide an overview of risk-management software.

Unit 12, *Emerging issues in ERM*. In this Unit, we explore two areas of emerging risks for enterprises – risks in dealing with other countries and the growing risks posed to enterprises from environmental issues.
Program quality assurance

A number of international standards are embedded in the program to ensure the courses you study are high quality. At present this includes specific design to meet AACSB accreditation standards (through measurement of students’ program-level learning outcomes), and the United Nations Principles for Responsible Management Education (UNPRME). EQUIS accreditation is also held by UNSW Business School.

Program-level learning goals and outcomes assessed for AACSB accreditation

The Course Learning Outcomes are what you should be able to do by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Course Learning Outcomes will also help you to achieve at least some of the overall Program Learning Goals that are set for all postgraduate coursework students in AGSM programs.

However, course-level learning outcomes are not sufficient to fully describe a student’s skills as they complete the qualification, and so we add an additional set of Program Learning Goals. These specify what we want you to have achieved by the time you successfully complete your degree. As an example, for the Teamwork learning goal we specify: ‘Our graduates will be effective team participants’.

You demonstrate that you have met these Program Learning Goals by achieving specific Program Learning Outcomes that are directly related to each goal. These indicate what you are able to do by the end of your degree. In the case of the Teamwork goal, the related outcome includes: ‘participate collaboratively and responsibly in teams’. Note that the ability to meet these program-level learning goals and outcomes will be measured in each capstone course for your degree program.

The Program Learning Goals (and related outcomes) used at the AGSM for the MBAX and MBT programs are as follows.

1. Knowledge:
   - Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.
   - Learning outcome: Students should be able to identify and apply current knowledge disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

2. Critical thinking and problem-solving:
   - Our graduates will have critical thinking and problem-solving skills applicable to business and management practice or issues.
   - Learning outcome: Students should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.
3. Communication:
Our graduates will be effective communicators in professional contexts.
Learning outcome for 3a – Written Communication: Students should be able to produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.
Learning outcome for 3b – Oral Communication: Students should be able to produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.

4. Teamwork:
Our graduates will be effective team participants.
Learning outcome: Students should be able to participate collaboratively and responsibly in teams, and to reflect on their own teamwork, and on the team’s processes and ability to achieve outcomes.

5. Ethical, social and environmental responsibility:
Our graduates will be aware of ethical, social, cultural and environmental implications of business issues and practice.
Learning outcome for 5a – Ethical, social and environmental responsibility: Students should be able to identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice.
Learning outcome for 5b – Social and cultural awareness: Students should be able to consider social and cultural implications of business.

6. Leadership:
Our graduates will have an understanding of effective leadership.
Learning outcome: Students should be able to reflect upon their own personal leadership style and on the leadership needs of business and of team.

Associated governing bodies
AACSB: http://www.aacsb.edu
EQUIS: https://www.efmd.org/accreditation-main/equis
UNPRME: http://www.unprme.org
Resources

Learning resources

You have four major resources to help you learn:

1. The course materials, comprising the weekly study units with readings, references, insights and commentary. You will do much of your learning outside the classroom by working through the course materials, and by completing the exercises as they arise.

2. Your online or face-to-face classes with your facilitator. The facilitator's job is to guide your learning by conducting class discussion, answering questions that might arise after you have done the week's work, providing insights from his or her practical experience and understanding of theory, providing you with feedback on your assignments, and directing discussions and debates that will occur between you and your co-participants in the classroom.

3. Your co-participants. Your colleagues in the classroom are an invaluable potential source of learning for you. Their work and life, and their willingness to question and argue with the course materials, the facilitator and your views, represent a great learning opportunity. They bring much valuable insight to the learning experience.

4. In addition to course-based resources, please also refer to the AGSM Learning Guide (available in Moodle) for tutorials and guides that will help you learn more about effective study practices and techniques.

Course materials

The course materials comprise this Course Overview, the Assessment Details and 12 Units. Each Unit has a number of associated readings.

Readings

Specific readings are prescribed throughout the Units and are available via active hyperlinks or URLs. Please note that you may be required to enter your UNSW zID and zPass in order to access these hyperlinked articles.

If you experience any problems in accessing the readings, please try the following:

- Search directly for the article on the UNSW Library home page (https://library.unsw.edu.au/) by placing the name of the article in the Search box.

- Search directly for the book excerpt on the UNSW Library home page (https://library.unsw.edu.au/) by placing your course code into the Search box. When you do this all the course readings that are excerpts from books will appear.
Prescribed texts

(Also available as an eBook. ISBN: 978-0-470-61748-9)


Note: UNSW students can access Australian and International standards from the database **SAI Global**.

Here are links to:
Australian standards: **SAI Global**
International standards (ISO): **SAI Global**

For more information search for ‘standards’ in the Ask Us tool on the Library homepage.

Please note:
• Downloaded copies of standards are encoded with a predetermined expiry date (usually 48 hours), after which they cease to be accessible.
• Always logout by clicking ‘Subscription logout’, as a limited numbers of users can use the database at one time. Logging out in this way clears your login, so that another user can login.

Recommended reading

If you are interested in extending your knowledge on particular topics, listed below are a number of references that you may find helpful.

**Books**


**Journals and websites**

Journal of the Australian and New Zealand Institute of Insurance and Finance  

Public Entity Risk Institute  
http://www.primacentral.org/peri/

Risk and Insurance Magazine (AUS)  
www.riskandinsurance.com

Risk Management Magazine (US)  
www.rmmag.com/

Corporate Risk and Insurance (AUS)  
www.riskmanagementmagazine.com.au

Australian National Audit Office Publications  

‘A Decade of Living Dangerously’, Chartered Management Institute, UK  

**Articles and reports**

World Economic Forum, *Global Risks 2015*  

Australian National Audit Office, 2011, *Effective Risk Management*  

The Risk Doctor, *Shedding Light on Risk Appetite*, 2011  

Compliance Space, risk management white papers (AUS)  

South African Institute of Chartered Accountants. 2010, *King Report III on Corporate Governance for South Africa*  
eLearning

To access Moodle, go to:
https://www.business.unsw.edu.au/agsm/students/mbt-students/online-classes and select Login to Moodle.
Login with your student zID (username) and zPass (password).

Moodle eLearning support

Should you have any difficulties accessing your course online, please contact the eLearning support below:

For login issues:

UNSW IT Service Centre

Hours: Monday to Friday: 8am – 8pm
Saturday and Sunday: 11am – 2pm
Email: ITServiceCentre@unsw.edu.au
Phone: Internal: x51333
External: 02 9385 1333
International: +61 2 9385 1333

For help with technical issues and problems:

External TELT Support

Hours: Monday to Friday: 7.30am – 9.30pm
Saturdays and Sundays: 8.30am – 4.30pm
Email: externalteltsupport@unsw.edu.au
Phone: Internal: x53331
External: 02 9385 3331
International: +61 2 9385 3331
Administrative and eLearning support

Student Experience

If you have administrative queries, they should be addressed to Student Experience.

Student Experience
AGSM MBA Programs
UNSW Business School
SYDNEY NSW 2052
Phone: +61 2 9931 9400
Email: studentexperience@agsm.edu.au

Additional student resources and support

The University and the UNSW Business School provide a wide range of support services for students, including:

- **Business School Education Development Unit (EDU)**
  https://www.business.unsw.edu.au/students/resources/learning-support
  The EDU provides academic writing, study skills and maths support specifically for Business students. Services include workshops, online resources, and individual consultations.
  EDU Office: Level 1, Room 1033, Quadrangle Building.
  Phone: +61 2 9385 5584; Email: edu@unsw.edu.au

- **UNSW Learning Centre**
  www.lc.unsw.edu.au
  Provides academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library training and search support services**
  http://info.library.unsw.edu.au/web/services/services.html

- **UNSW Counselling and Psychological Services**
  https://student.unsw.edu.au/wellbeing
  Provides support and services if you need help with your personal life, getting your academic life back on track or just want to know how to stay safe, including free, confidential counselling.
  Office: Level 2, East Wing, Quadrangle Building;
  Phone: +61 2 9385 5418.

- **Student Equity & Disabilities Unit**
  http://www.studentequity.unsw.edu.au
  Provides advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning.
  Office: Ground Floor, John Goodsell Building;
  Phone: +61 2 9385 4734; Email: seadu@unsw.edu.au
Continual course improvement

Our courses are revised each time they run, with updated course overviews and assessment tasks. All courses are reviewed and revised every three years and significant course updates are carried out in line with industry developments, and also when new editions of prescribed textbooks are published.

The AGSM surveys students via the UNSW CATEI system each time a course is offered. The data collected provides anonymous feedback from students on the quality of course content and materials, class facilitation, student support services and the program in general. This student feedback is taken into account in all course revisions.

Student evaluations from the last presentation of the course

Overall, student feedback has been very supportive of the course, and in its ability to meet both student requirements and academic objectives. Students are finding the textbook of increasing use, and report greater utility with the application of risk concepts found in the course being useful in their real world risk management practices. There was a widely shared view that the material is relevant, especially in today’s turbulent business environment.

Coordinator’s response

It is clear that keeping the course material as up to date as possible is extremely important, and while new references have been added for the 2014 and 2015 program, it is impossible to remove all dated materials, as many are closely integrated in some of the current Units.

As part of the ongoing course refresh program, we eliminated in 2015 the older Unit 10 Risk Tools, which contained numerous out-of-date references and covered material that appears in other courses in this program. The latest contribution to the course refresh program, which began in 2012, has been the introduction in 2015 of a third entirely new unit, Unit 10. The program has previously seen two completely new Units added which reflect current developments in the area of financial risk management. They were introduced in 2012 and 2013, in response to student feedback regarding the utility of the older financial risk Units.

This active rolling out of new Units will continue in 2017.
Course staff

Course coordinator

Each course has a Course Coordinator who is responsible for the academic leadership and overall academic integrity of the course. The Course Coordinator selects content and sets assessment tasks, and takes responsibility for specific academic and administrative issues related to the course when it is being offered. Course Coordinators oversee Class Facilitators and ensure that the ongoing standard of facilitation in the course is consistent with the quality requirements of the program.

The Course Coordinator is:

Harry Rosenthal
Email: h.rosenthal@unsw.edu.au

Harry is currently the General Manager of Risk Management Services for Unimutual, a not-for-profit risk financing mutual comprising 26 major Australian universities and 25 additional research and affiliated institutions. He was the former Director of UNSW’s Risk Management Unit, overseeing insurance and enterprise risk management operations for a campus population of more than 45,000 staff and students. He has published numerous articles on loss control and risk-management related topics. He is a Past-President of the Australasian University Risk and Insurance Management Society (AURIMS). He is on the Risk Management Faculty Advisory Board of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) and Chairman of the Health, Safety and Environmental Protection Forum for the Australian Nuclear Science and Technology Organisation (ANSTO). Harry is the immediate past General Editor of the Australian professional risk management journal, Risk Management Today.

Harry has a Master of Business Degree from the Florida Institute of Technology, as well as Associate’s Degree in Risk Management from the American Insurance Institute. He holds the professional designation of an Associate in Risk Management (ARM) and Chartered Casualty and Property Underwriter (CPCU) with the American Insurance Institute.

Harry began his professional career as an archaeologist, working in the Mediterranean, Europe, the US and Mexico. Leaving archaeology in the late 1970s, he began a career in government administration. He has more than 30 years of experience in risk management and claims administration in the utility, government and private sectors in both Australia and the US.
Class facilitator

The role of your Class Facilitator is to support the learning process by encouraging interaction amongst participants, providing direction in understanding the course content, assessing participant progress through the course and providing feedback on work submitted. Class Facilitators comprise both academics and industry practitioners with relevant backgrounds.

You will be notified of your Class Facilitator’s name and contact details in your class confirmation email sent by AGSM Student Experience. Details will also be available in the gallery section of your online class for both face-to-face and distance classes.

Course authors

The Course Coordinator, Harry Rosenthal, wrote Units 1, 5, 6 and 10.

Unit 2 – Peter Roebuck and Gary Pflugarth

Peter is a Senior Lecturer in the UNSW School of Accounting at the Australian School of Business. Prior to moving to academia, Peter was a senior audit manager with Deloitte Touche Tohmatsu. He has worked both in Australia and the USA. Peter teaches undergraduate and postgraduate auditing and plays an active role in the Institute of Chartered Accountants in Australia.

Gary is a Lecturer in the UNSW School of Accounting at the Australian School of Business. He teaches in undergraduate management and financial accounting courses. Gary worked for several years in the Reserve Bank of Australia, in the areas of internal audit and financial administration. His research interests include auditing, management accounting, public sector accounting and corporate governance.

Units 3 and 4 – Dr Peter John Kavalamthara

Peter consults and trains in risk management. He has more than 20 years’ achievements in risk management with large financial institutions, corporations, a global management consulting firm and a financial sector regulator in Australia and Europe. Peter has led large organisational programs in optimising risk-adjusted returns, developing risk-management strategies and policies, reengineering risk processes, modelling risks and implementing regulatory compliance. He has delivered several risk-management training programs and teaches at the Executive MBA program and MBT program at the Australian Graduate School of Management, UNSW Sydney. Peter holds a PhD and MBA from the Macquarie Graduate School of Management, Sydney.
Units 7 and 8 – Ken Stevens

Ken is a lecturer in the UNSW School of Information Systems, Technology and Management at the UNSW Business School. He teaches on the Master of Commerce and Master of Information Systems programs. Ken is currently working towards a PhD investigating risk-management practices in IT development projects. Ken is currently the Course Coordinator for the AGSM course Information Technology in Business.

Unit 9 – Kerry Borthwick

Kerry is the Director of Quality of Working Life Pty Ltd, an OHS management systems consultancy. Kerry has worked in the OHS field since 1981, originally while employed at Macquarie Graduate School of Management. Kerry has published widely in the areas of occupational health and organisational behaviour.

Unit 11 – Dr Daniela Leonte

Daniela Leonte joined UNSW in 2000 as lecturer in the School of Risk and Safety Science. She transferred to Actuarial Studies in February 2010. In 2008 she served as President of the Australian and New Zealand Society for Risk Analysis. Daniela has developed and teaches a number of postgraduate courses in quantitative risk analysis and conducts research in the areas of dynamic risk analysis and multi-criteria decisions optimisation in complex natural systems. She has more than 15 years’ technical consulting experience in the health, rail, water, defence, manufacturing and waste-management sectors, having assisted numerous government and private organisations to effectively manage risks through the analysis and interpretation of data.

Unit 12 – Dr Mehreen Faruqi and A/Professor Toan Pham

Mehreen is a past Academic Director of the Master of Business and Technology Program, and is presently a Greens party member of the NSW Legislative Council. She is a civil engineer with 20 years of research, industry, consulting and local-government experience in sustainability and environmental management. Her previous roles include Manager of Environment and Services at Mosman Council and lecturer and acting Director of the Institute of Environmental Studies at UNSW. Her research interests and areas of expertise include strategic planning and policy development, integrated water cycle management, waste management and resource recovery, sustainability education, organisational change and capacity building, community participation in decision-making and social responsibility in the context of sustainability. Mehreen has chaired and been a member of a number of committees and expert panels on sustainability, hazardous waste and stormwater management for industry, local and state government.
Toan holds a BEc (Hons) from the University of Tasmania, and a MCom and PhD from UNSW. He is an Associate Professor at the UNSW Business School. His teaching and research interests range from corporate finance to asset pricing and derivatives. He has published in international finance journals and presented papers at international conferences. He is a very experienced lecturer and thesis supervisor and has developed and taught a large number of courses at both the undergraduate and graduate levels. In recent years, Toan was involved in designing and teaching Master of Finance and Master of Commerce programs in Beijing and Guangzhou in China, a joint venture between the UNSW then Faculty of Commerce and Economics (now the UNSW Business School) and leading universities in China.