



MASSEY UNIVERSITY
COLLEGE OF BUSINESS
KAUPAPA WHAI PĀKIHI

Risk – “the effect of uncertainty on objectives” Risk management studies at Massey University

Why study risk management?

One answer might be that failure to manage risks will result in risks managing you – an outcome that has been felt by many individuals and organisations in the global financial crisis of the past few years. The global financial collapse of 2007-2009 was partly because of the threats posed by the US sub-prime mortgage market and NINJAs (No income, No Job, No Assets) to global financial systems and the failure to see how domino effects could amplify international impacts in the banking industry.

There have also been examples of organisations failing to manage their own risks resulting in severe consequences for them and their stakeholders. Examples include Bearings Bank, Bhopal, HIH Insurance, Enron, Worldcom, Arthur Anderson, Halliburton and Parmalat – names that have become case studies.

In New Zealand, we have our own case studies of inadequate risk management impacting on the reputation of organisations in both public and private sectors. And we are 20,000 km from many of our markets, have a volatile exchange rate, and kill as many as 1,000 people per year due to work-related activities (one of the worst records in the OECD). The Icelandic volcanic eruption in 2010 also showed how remote events can impact on New Zealanders and our economy. Risk is therefore something all organisations need to manage effectively.

Massey University risk management studies

Massey University offers two papers at 300 level as elective papers for degrees and graduate diplomas or standalone study. Each paper has formal learning objectives with the overall intention of helping students gain an academic and practical understanding of risk management and its application.

The two papers take you through the risk management process set out in AS/NZS ISO 31000: 2009 *Risk Management – Principles and guidelines*. The two papers cover the risk management process and related topics shown below.

152.386 Risk Management 1	152.387 Risk Management 2
Overview of risk, risk management and corporate governance	Risk treatment options and implementation
Establishing the context	The risk management framework
Risk identification	Communication and consultation for risk management
Risk analysis	Monitoring and reviewing for risk management
Risk evaluation	Risk management development and maturity

Each paper requires completion of five 4,000 word assignments on a case study organisation, usually the organisation a student works for or has access to, and apply AS/NZS ISO 31000: 2009 to help answer questions about each stage of the risk management process. Some assignments cover the risk management framework and risk management maturity modelling. Each assignment concludes with your short reflection on what has been learned and how problems were overcome.

Students are required to research academic and practical material using the Massey library and other resources and apply findings to the assignment questions. Massey library books can be delivered to students by courier and copies of journal articles downloaded for later reading. Students also learn to apply some of the risk assessment tools set out in ISO 31010: 2009 *Risk*

Management – Risk Assessment Techniques (planned to be adapted as a joint Standards Australia/Standards New Zealand handbook).

Massey University has been migrating all extramural papers onto a new web-based platform, Stream. For the risk management papers, it is intended that mini-lectures and video clips be posted there for students to download and use independently. From 2011, Stream will be the prime means of interaction with students although there will still be contact courses in March.

Following the publication of ISO 31000: 2009 *Risk Management – Principles and guidelines* and its adoption as a joint standard in 2009, the course handbooks are undergoing a further update to complete the transition from AS/NZS 4360 to AS/NZS ISO 31000: 2009 for use in 2011. The course handbooks will also incorporate reference to recent and forthcoming risk-related standards.

For both papers there is a one-day contact course on the Wellington campus in March. Attendance is strongly recommended but not compulsory.

The set text will be HB 436 *Risk Management Guidelines: companion to AS/NZS ISO 31000: 2009*, revised from the 2004 edition.

Who can study the papers?

The papers are relevant to all students of management disciplines. For both papers it is a requirement that a student has previously passed a 200 level paper. At present, it is possible to study both papers in the same year. Plans are in hand to make Risk Management 1 a prerequisite for Risk Management 2 from academic year 2012.

The two 15-credit papers are compulsory for students studying for the Diploma of Business Studies with an Insurance Management endorsement.

The papers are electives for the Diploma in Safety Management and the Diploma in Emergency Management.

Students who have already achieved a pass grade for the former Risk Management Paper 152.382 may not sit either 152.386 or 152.387 and have their resulting points credited towards a Diploma or Degree.

Future work

With the imminent publication of AS/NZS 5050: 2010 *Business continuity: management of disruption-related risk*, plans are in hand to propose the development of a paper on the management of disruption-related risk. If this occurs, it should dovetail with papers on supply chain management offered by the university. Work is also in hand to propose the development of a paper on legal compliance management.

Restrictions on enrolments

Massey University has announced it will close second semester enrolments earlier than planned in June 2010, cut back summer school offerings in semester three and introduce preferential entry next year as a result of the Government's freeze on funding for extra enrolments.

If it is your intention to study the two Massey risk management papers (or other papers offered by the university) in 2011 this potentially has significant implications. You will need to make early enquiries about eligibility to enrol and get your application lodged as soon as registrations open.

Contact details

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