УКРАЇНСЬКО-АМЕРИКАНСЬКИЙ
УНІВЕРСИТЕТ КОНКОРДІЯ

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# Risk Management
# Master Degree
# Syllabus
# ІПП 2.2
# MBA 542
# Specialty: 073 "Management"
# Educational program "Business Administration"

| | |
|---|---|
| Instructor: **Oleksandr Romanovskyi, PhD, Associate Professor**<br>Tetiana Gordiienko, PhD, Associate Professor | ECTS Credits: 6<br>US Credits: 3 |
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## Course Description

This course is dedicated to the theory and practice of identification of risks and factors affecting them, mastering with methods of risk estimation, risk analysis and risk minimizing.

## Learning Outcomes

**Upon successful completion of this course, students will be able to:**

PH.1. Critically comprehend, select and use the necessary scientific, methodological and analytical tools for management in unpredictable conditions.

PH.2. Identify problems in the organization and justify methods of solving them.

PH.4. Substantiate and manage projects, generate business ideas.

PH.5. Plan the activities of the organization in strategic and tactical sections.

PH.6. Have the skills to make, justify and ensure the implementation of management decisions in unpredictable conditions, taking into account the requirements of current legislation, ethical considerations and social responsibility.

PH.10. Demonstrate leadership skills and ability to work in a team, interact with people, influence their behavior to solve professional problems.

PH.4. Substantiate and manage projects, generate business ideas.

PH.13. Be able to plan and implement information, methodological, material, financial and personnel support of the organization (unit).

## Competences:

CK1. Ability to choose and use management concepts, methods and tools, including in accordance with defined goals and international standards;

CK2. Ability to set values, visions, mission, goals and criteria by which the organization determines further directions of development, to develop and implement appropriate strategies and plans;

CK4. Ability to effectively use and develop the organization's resources;

CK6. Ability to form leadership qualities and demonstrate them in the process of managing people;

CK7. Ability to develop projects, manage them, show initiative and entrepreneurship;

3K6. Ability to generate new ideas (creativity);

3K7. Ability to abstract thinking, analysis and synthesis.

**Internationality:** The international aspect of the course includes study of international guidelines and standards for risk management, as well as gaining systematic knowledge of economic meaning of risks in international business, factors affecting them, exploration of the experience of foreign companies in risk management.

**Communications**

For individual issues, students should contact the professor ONLY by given e-mail or by Moodle. In the Subject line they should put: UACUFirstNameLastName. E-mail messages will normally be answered within 24 hours.

Note! Only emails sent from the student's corporate email address will be answered.

**Student Responsibilities**

**Time Commitment**

The study of technical courses is cumulative (i.e., an understanding of earlier material is necessary to grasp concepts covered later). Past experience has shown a high correlation between procrastination and low grades. Students must be committed to completing tasks on time.

**Technical Aspects**

The student is obliged to provide himself/herself with all the necessary technical equipment for the educational process (laptop or computer, webcam, headsets or headphones and microphone), as well as access to the Internet.

**Note: Only students signed-in with their own first and last name are allowed into video lectures in Zoom.**

**Grading Policy**

The course is based on mastery of course outcomes. Student grades for this course will be calculated based on performance.

**Note: the minimal grade to pass a subject is 70%.**

**Graduate Grading Guidelines**

The assignment of a letter grade for a course is an indication of the student's overall success in achieving the learning outcomes for the course. The course letter grade may be viewed as a summary statement of the student's achievement in individual assessments (assignments & activities). These assessments are intended to identify for students their strengths as well as those areas in need of improvement. Student work is assessed according to the guidelines below.

**Course-level Grading guidelines:**

| Grade | ECTS Grade | International Grade |
|---|---|---|
| 90% - 100% | A | 5 (Excellent) |

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| 83% - 89% | B | 4 (Very Good) |
| 75% - 82% | C | 4 (Good) |
| 70% - 74% | D | 3 (Good) |
| 35% - 69% | FX | Not acceptable, possible repetition of course |

**Criteria for grading:**

| ECTS grade | Requirements for the student |
|---|---|
| A | The student demonstrated a comprehensive systemic and in-depth knowledge of program material; processed basic and additional literature; obtained a solid grasp of the conceptual apparatus, methods, techniques and tools provided by the program; found creative abilities in the presentation of the educational program material both on this issue and on related modules of the course and related courses, or the student had a current control of 90-100 points |
| B | The student demonstrated good knowledge of program material; processed the basic literature, mastered the conceptual apparatus, methods, techniques and tools provided by the program, but with some inaccuracies |
| C | |
| D | The student showed mediocre knowledge of the core program material; learned information mainly from a lecture course or just one textbook; mastered only certain methods, techniques and tools provided by the program |
| E | |
| FX | The student has significant gaps in knowledge of the main program material; fragmentary mastered the basic concepts, techniques and tools; significant mistakes are made when using them |

Maximum total possible points – 1000 points incl. (Midterm and Final exam are 60% of overall evaluation, where Midterm – 20% and Final – 40%)
Test / Assignment / Project – 400 points (several times during the course)
Midterm exam – 200 points
Final exam – 400 points

**Student Workload**

It is assumed that for each out of 17 class sessions a student spends about 10.5 academic hours of work. This includes 3.5 academic hours of lectures with the instructor and 7 academic hours of personal work. Personal work includes the lecture scope study and supplements, preparation for the practical seminars, providing group and individual researches and preparing essays and/or presentations.

Please pay attention that 1 academic hour equals to 40 minutes.

**Assignment Format**

• All work should be shown in time. If the student misses the deadline – the task is failed.

• Midterm covered topics from previous lectures (weeks 1-6). It included multiple choice questions and cases (essays) and took about 1.5 hours.

• The Final exam covered all course material and included multiple choice questions and cases (essays). It lasts for 1.5 hours. Admission to the Final exam is possible only if all the tasks of the curriculum are covered.

• After the Midterm and Final is graded a student has access to the grade only. Access to the attempt, corrects answers and information whether the answer is correct cannot be granted.

**Academic dishonesty**

Academic integrity is submitting one's own work and properly acknowledging the contributions of others. Forms of academic dishonesty include:

1. **Plagiarism** – submitting all or part of another's work as one's own in an academic exercise such as an examination, a computer program, or written assignment.
2. **Cheating** – using or attempting to use unauthorized materials on an examination or assignment, such as using unauthorized texts or notes or improperly obtaining (or attempting to obtain) copies of an examination or answers to an examination.
3. **Facilitating Academic Dishonesty** – helping another commit an act of dishonesty, such as substituting for an examination or completing an assignment for someone else.
4. **Fabrication** – altering or transmitting, without authorization, academic information or records.

Any violation of these rules constitutes academic dishonesty and is liable to result in a failing grade and disciplinary action. In case of any academic dishonesty a student is not allowed to continue or retake the assessment activity and for the Final the unsatisfactory grade ("0") is assigned for the course total. Cases of the academic dishonesty are not considered by the Academic Council.

Midterm and Final are valid only if they are taken on-campus (room defined by the dean's office) and on UACU's computer/laptop or online on the student's computer/laptop using Zoom and other conditions defined by the dean's office to avoid the cases of academic dishonesty. Students who will not meet this requirement will be expelled from the course with grade "0".

In case of missed Midterm or Final exam (for a valid reason like sickness or an emergency) a request to repeat the exam is possible. Permit to repeat a midterm or final exam is done through a letter to the dean's office with request and approval of subject lecturer.

Submission or retaking of any assessment activities after deadlines are forbidden.

**Submission & Return Policy**

Assignments must be submitted to the professor on or before the due date indicated in the Course Schedule. The assignments submitted after the due dates receive zero points.

****** NO MAKE –UP QUIZZES AND EXAMS ******

**Schedule**

| Week # | Research Projects | Assignments Due | Points |
|---|---|---|---|
| | | | |
| Lecture 1 | **Nature and peculiarities of risks** Definition of risk and its nature. Modern theories of risk. Correlation of risk and uncertainty. Sources of risk. | Review Lecture Test /Assignment | 25 |
| Lecture 2 | **Classification of risks** Classification of risks by the nature of activity, objects, time of occurrence, factors of occurrence, characters of accounting and consequences, the scope of occurrence. Internal and external risks in international business. Concept of "country risk". Political risk of the country. Global and specific risk | Review Lecture Test /Assignment | 25 |
| Lecture 3 | **Concept of risk management** | Review Lecture | 25 |

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| | Concept of risk management and its peculiarity in international business. History of development of theory and practice of the risk management. | Test /Assignment | |
| Lecture 4 | **Process of risk management**<br>Risk management as process, its goals and objectives. Principles of risk management in international business. Basic stages of risk management process: evaluation and analysis of risks, choice of exposure assessment methods with evaluation their comparative effectiveness; decision making; direct impact on risk; control and correction of the results of management process. | Review Lecture<br>Test /Assignment | 25 |
| Lecture 5 | **Risk identification**<br>Metrics of risk identification: effects, causes, impacts, areas of risk and events. Phases of the risk identification lifecycle.<br>Methods of risk identification | Review Lecture<br>Test /Assignment | 30 |
| Lecture 6 | **Risk matrix**<br>Checklists. Immediate lists. Registers risk. Mapping risk. Tables of probabilities. Card Matrix of risk. Roadmap of risk management project. | Review Lecture<br>Test /Assignment | 30 |
| Class 7 | **Midterm (7th class)**<br>20% out of total amount of points for the course | | 200 |
| Lecture 8 | **Rating methods of risk analysis**<br>Types of ratings, methods and techniques of their preparation and publication. Integral and special ratings. «BERI» rankings. Credit risk ratings. Delphi method and Delphi score. | Review Lecture<br>Test /Assignment | 30 |
| Lecture 9 | **Value at risk (VaR)**<br>Investment portfolio risks. Metrics of VaR. Standard deviation. Correlation. Covariation. Fisk Factor. Variance-Covariance Method. Historical Simulation. Monte Carlo Simulation | Review Lecture<br>Test /Assignment | 25 |
| Lecture 10 | **Qualitative methods of risk assessment**<br>Brainstorming. Analysis assumptions. The method of study hazard and operability (HAZOP-method). Failure mode, effects, and criticality analysis (FMECA-method). | Review Lecture<br>Test /Assignment | 25 |
| Lecture 11 | **Methods of risk mitigation**<br>Risk aversion, risk reduction, risk taking, risk transfer. Rules of choice, evaluating the effectiveness of the selected method of risk mitigation | Review Lecture<br>Test /Assignment | 25 |
| Lecture 12 | **Methods of risk treatment**<br>Organizational and economic methods of risk reduction. Risk deviations. Diversification. Preventing losses and minimizing losses. Formation of special reserve fund (risk fund). Creating insurance inventory. Development and introduction of penalties policy. | Review Lecture<br>Test /Assignment | 30 |
| Lecture 13 | **Methods of risk transfer**<br>Insurance. Indemnification clause in contracts. Hedging. Purchase of additional information | Review Lecture<br>Test /Assignment | 30 |

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| | about the selection and the results of risk in international business. | | |
| Lecture 14 | **Management of political risks**<br>Political risks influence on international business. Types of political risks. Methods of management of political risks. | Review Lecture<br>Test /Assignment | 25 |
| Lecture 15 | **Price and currency risks**<br>Definition of the price and currency risk appetite and its estimation. Objects of price risks. Long and short currency positions. Internal politics and procedures for the price and currency risks management. | Review Lecture<br>Test /Assignment | 30 |
| Lecture 16 | **Risk Reporting**<br>Requirement for information support of risk management. Enterprise Risk Dashboard. Risk scorecard. Principal risk report. Risk deep dive report. Risk radar report. Risk moderation report. | Review Lecture<br>Test /Assignment | 20 |
| Class 17 | **Final (17th class)**<br>40% out of total amount of points for the course | | 400 |

**Recommended Materials**

**Main book:**

1. Acharya V.V., Pedersen L.H., Philippon T. Richardson M. Measuring systemic risk//The Review of Financial Studies, 2017 – Vol 30, no. 1, pp. 2-47. – Access mode: https://academic.oup.com/rfs/article/30/1/2/2682977

**Additional Reading Materials:**

1. Decision Making in Risk Management: Quantifying Intangible Risk Factors in Projects - Manufacturing and Production Engineering1st edition. Christopher O. Cox. Taylor & Francis Ltd. 2021. – 99p.

2. Environmental Risk Management in Lending and Investment: case study. – Access mode: http://www.un.org/esa/sustdev/sdissues/technology/riskmanagement2.pdf.

3. Hilscher J., Landskroner Y., Raviv A. Optimal regulation, executive compensation and risk taking by financial institutions. – 2016 – Access mode: papers.ssrn.com

4. Hopkin P. Fundamentals of risk management: understanding, evaluating and implementing effective risk management – 2010 – Access mode: http://www.hostgator.co.in/files/writeable/uploads/hostgator12628/file/fundamentalsofriskmanagement.pdf

5. Institute of Risk Management – Режим доступу: www.theirm.org

6. Kidwell D.S., Blackwell D.W., Sias R.W. Whidbee D.A., Financial institutions, markets, and money – 2016 – Access mode: https://books.google.pn/books?id=WaKVDQAAQBAJ&printsec=copyright#v=onepage&q&f=false

7. Ojo A.O. Corporate governance and risk management in the financial industry: changes after the global financial crisis – 2016 – Access mode: http://eprints.nottingham.ac.uk/id/eprint/33586

8. Rampini A. A., Viswanathan S., Vuillemey G. Risk management in financial institutions – 2016 – Access mode: http://people.duke.edu/~viswanat/financialinstitutions.pdf

9. Shortreed J.H., Craig L., McColl S. Benchmark Framework for Risk Management. – Washington.: NERAM, 2000. – 175 p.

10. Shulga N., Gordienko T. Risk Matrix Of Bank credit Management // Herald of KNUTE – 2013. – №6 – C.106-119 – Access mode: http://visnik.knute.edu.ua/files/2013/06/9.pdf

** The above schedule and procedures are subject to change in the event of extenuating circumstances.*

Протокол засідання кафедр № 4 від 23.08.2022 року

Проректор з навчально-методичної роботи Л.І.Кондратенко

Завідувач кафедри Л.В.Жарова

Викладач Т.М.Гордієнко