



Taking a
BROADER VIEW
of risk than the rest



Risk management shot to prominence after the 2008 global financial crisis when many investors burnt their fingers and some of the world's most respected companies teetered on the brink of collapse.

DESPITE THE ATTENTION THAT the discipline has received since then, risk management remains largely one-dimensional, skewed in favour of financial modelling. This is despite the ineffectiveness of financial modelling in predicting or averting the worldwide financial crisis.

"Risk management is not yet an established academic field. Even in the workplace, risk is often limited to financial modelling, disaster recovery management and occupational health and safety," says Prof Hermien Zaaiman, manager of the UARM Centre for Applied Risk Management at the Vaal Triangle Campus.

"When we were investigating what master's programmes were available globally, we found only two universities, one in the Netherlands and the other in New York, that looked further than financial risk modelling. We are taking a wider view."

This wider view takes the form of applied risk management, which refers to real-world risk management that takes risk into the heart of business and spans financial, compliance, operational and strategic risk management.

"Our approach fills the gap created by the current dominance of quantitative risk management in higher education," says Prof Zaaiman, whose own credentials include an MSc in physics and a PhD in social science from the Vrije Universiteit of Amsterdam, 10 years of risk project management experience in the financial sector and eight years in academia.

Two awards already under its belt

UARM specialises in postgraduate risk education and opened its doors in June 2012.

Less than 16 months later, it had received two awards from the Institute of Risk Management of South Africa (IRMSA). In 2013, it won the Education category and the overall Industry Specific Special Award for Recognition of Exceptional Service.

The first intake of postgraduate students for the new master's programme in applied risk management, the MCom in Banking and Financial Risk Management, started their studies at the beginning of 2014. All are employed full time in risk-related positions in the public and private sectors. The across sector MCom in Applied Risk Management is currently in the second stage of the higher education accreditation process.

This research-based programme draws on the expertise of two internationally respected risk management academics,

Prof Michael Damm and Prof Theo Kocken from the Vrije Universiteit Amsterdam (one of the two universities that UARM initially identified as taking a broader view of risk than the rest).

Meanwhile, the centre has started an ambitious research programme. The NWU's institutional management has asked UARM to propose an updated risk management framework for the university. "The organisation is changing and risk management must change accordingly; it needs to be much more strategic and more formalised," says Prof Zaaiman.

Reinforcing risk management at NWU

She and her team have been running risk identification workshops with the campus rectors, their management teams and faculty deans, as well as with the management of all support units. As part of this internal project, UARM is developing a risk management model that can be applied across the higher education sector in South Africa.

Another aspect of UARM's research programme is its work on behavioural risk management. "Behavioural risk examines the impact of people's risk-related decisions in the work environment," she says. "This is an under-researched field that combines areas such as organisational psychology and immersive training to solve risk-related issues."

A topic that interests her personally is the temperament and communication styles of risk managers.

"At a conference I attended in the USA, someone stood up and asked the panel if they found risk managers were often depressed. I thought about that afterwards and wondered if this was because risk managers do things they believe are really important and no one cares! With new risk regulations coming through, it is more and more important for everyone to take risk management seriously."

This train of thought inspired her to do a small pilot study on the perceived temperaments and communication styles of risk managers, paving the way for a bigger, more formal study. "If we have a better understanding of how risk managers interact with other stakeholders in their organisations, they can adapt their communication to be more effective and drive home the increasing importance of risk management." 

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