

Department of Accounting
NUS Business School
National University of Singapore

ACC 4612E RISK MANAGEMENT TECHNOLOGY
Semester 1, 2016/2017
COURSE OUTLINE

Teaching Team

Associate Professor Uantchern Loh (BIZLOHU@nus.edu.sg)

Pre-requisite

None

Aims & Objectives

In a classic experiment, participants were divided into two groups. The members of the first group were told that they would receive a small electric shock. In the second group, subjects were told that the risk of this happening was only 50%. The researchers measured physical anxiety (heart rate, nervousness, sweating, etc.) shortly before commencing. The results - there was absolutely no difference. Participants in both groups were equally stressed. Next, the researchers announced a series of reductions in the probability of a shock for the second group: from 50% to 20%, then 10%, then 5%. The result: still no difference! However, when they declared they would increase the strength of the expected current, both groups' anxiety levels rose again, by the same degree.

This experiment illustrates that we respond to the expected magnitude of an event but not to its likelihood. In other words, we lack an intuitive grasp of probability. The neglect of probability leads to errors in risk management and decision-making. This module examines the effects of heuristics and biases such as the neglect of probability on the basic concepts of enterprise risk management. Students will learn that we have no intuitive grasp of risk and thus distinguish poorly between different threats.

In taking this module, students will be able to:

- Understand the basic concepts of enterprise risk management and their limitations.
- Learn how heuristics and biases can limit our abilities to manage risks in the traditional way.
- Learn the concept of near misses and how they can be used to identify risks.
- Identify near misses by analysing social media platforms such as Facebook, Glassdoor and blogs.
- Learn how to use social media sentiments analytics tools.
- Apply their knowledge of near misses by working on group projects.

ACC4612E will provide the practical hands-on experience that will extend the core enterprise risk management knowledge previously acquired by the students. This module, with its emphasis on social media sentiment analysis to identify near misses, provides a fresh perspective of enterprise risk management.

Modes of Teaching and Learning

The teaching and learning approach would use a mix of case studies, lectures, group discussions, online tools and practical projects.

Learning in this module is achieved through the following components:

1. Lectures/tutorials (One 3-hour session per week).
2. For the lectures, we would cover the major points of the topic for the week. Students should download the lecture handouts from the course website and bring them to the lectures.

3. For the tutorials, students are required to complete substantially the assigned tutorial questions and cases before class, and to contribute to the discussion in class. Students will be called to discuss and present their solutions in class.
4. Readings assigned by the lecturer.
5. Self-practice exercises and assignments.
6. Voluntary consultations with lecturer.

Class size

Maximum 25 students

Syllabus

1. Introduction to course and risk management fundamentals (Part 1)
2. Risk management fundamentals (Part 2) and introduction to group project requirements
3. Key Risk Indicators
4. Near Misses (Part 1)
5. Interim Project presentation (Part 1)
6. Interim Project presentation (Part 2)
7. Near Misses (Part 2 - Apple)
8. Guest lecture
9. Near Misses (Part 3 - Lexus)
10. Guest lecture
11. Near Misses (Part 4 - JetBlue)
12. Final project presentation (Part 1)
13. Final project presentation (Part 2)

Assessment

Lectures/Tutorials (individual assessment):	30%
Group Project	70%
Total for CA:	100%
Total for Final Examinations:	0%
Total Assessment:	100%

Individual Class Participation	Individual Project presentation	Project approach	Data sources	Near misses	Recommendations	Total
10%	20%	10%	20%	20%	20%	100%

Text Book

“The Art of Thinking Clearly” by Rolf Dobelli; Harper Paperbacks; Reprint edition (May 6, 2014)