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SURREY BUSINESS SCHOOL
UNIVERSITY OF SURREY

INDUSTRY
WEEKLY DIGEST

Risk in Risk Management Education

Within business schools, students are taught about **Sustainable Development Goals** (SDGs); a universal call to action to end poverty, protect the planet, and ensure prosperity for all. While these goals are essential in shaping the future, the risks associated with their achievement are often overlooked. How adept are business schools in developing curriculum to mitigate the knowledge gap to adequately address the risks tied to the SDGs?

The identification and management of risk is an essential skill and should be explicitly included in the curriculum as evidence of responsible management education in business schools.

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Risk identification and risk management are critical components of business strategy and operations. This enables management to effectively develop risk mitigation strategies so the business can navigate through uncertainties and ensure its long-term sustainability.

This week, **Dr Ann Parchment** presents a provocative critique of the quality of risk education in business schools.

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About Dr Ann Parchment

Dr Ann Parchment is a Senior Lecturer in Management in **Surrey Business School**. She brings a wealth of practical risk management experience gained from working for public and private sector clients over a period of 25 years in the insurance sector. She strives to bring awareness to the need for a more inclusive curriculum around environmental challenges and risk management

RISK EDUCATION: THE COBBLERS CHILDREN ARE THE WORST SHOD!

By Dr Ann Parchment

The management of risk is an essential part of business, yet it is not explicitly visible in the curriculum of business schools. Although business students may be taught about enterprise risk management this does not prepare students for the applied nature of risk management. At best graduates tend to be focused on the risks associated with their specific business discipline. Actuaries have an arm's length approach to risk identification which is focused on modelling and the quantification of risk. Bankers are concerned with the robustness of financial instruments, markets, credit risk and the outcome of stress tests to meet regulatory requirements.

Prior to the quantification of risk, identification is required. Few business graduates will have the interdisciplinary knowledge to identify non-financial risks in businesses. Many of the emerging risks result in a financial implication but these emerging risk are not identified, characterised, or understood by business graduates. The emerging risks at present include climate change litigation, the impact of chemicals such as Polyfluoroalkyl substances (PFAS) which result in emerging liabilities. Also, the need for democratisation of risk knowledge can be highlighted by the lack of preparedness resulting from current wars and social disruption on every continent, impacting global supply chains, energy, and food security.

Graduates of business schools should be able to construct a risk register and understand the interconnectivity and dimensions of generic, interface, causation, and accumulation risks across disciplines. Additionally, the exponential use of generative AI requires business personnel to understand, identify and manage risks. The complexity and interconnectivity of risk requires democratisation of risk education so that existing and emerging risks are identified by all business professionals.

Further Reading:

Dominici, P., 2018. For an inclusive innovation. Healing the fracture between the human and the technological in the hypercomplex society. *European Journal of Futures Research*, 6(1), pp.1-10

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