

## Risk Management

# Enterprise Risk Management



## Career Overview

The goal of the enterprise risk management function is to enhance firm value through the optimal treatment of risk. Corporate interest in enterprise risk management has grown steadily in recent years, fueled in part by regulatory mandates for improved risk management systems. In addition, organizations like Standard & Poor's, the Securities and Exchange Commission, and the New York Stock Exchange now require increased risk management disclosure and assessment in corporate financial statements.

## Employment Prospects

Enterprise Risk Management (ERM) prepares students to work in the risk management departments of major multinational and domestic corporations. The risk management function interacts with a firm's internal and external auditing functions. Demand for risk management expertise has grown throughout the economy since 2000, especially among healthcare, energy, and financial services firms. Students are also recruited by firms in industries related to risk management, including accounting firms, insurance companies, insurance brokerage, consultancy, and benefits management.

## ERM Overview

The Enterprise Risk Management coursework teaches students to conceptualize decisions involving risk, analyze options, estimate risk, and communicate their analysis to others. Students will explore liability risks, operational risks, employment practices risk, financial risks and political risks, spanning a wide array of disciplines such as finance, business law, and strategic risk management.

## Preparing to Enroll in the Major

Enrollment in the Risk Management major is contingent upon several criteria, which include the timing and completion of a specified range of cumulative credits at Penn State. Students apply for the major once they have earned a minimum of 36 but no more than 59 cumulative credits. These credits include required business foundation and related courses. In addition to the course and credit window requirements, students must attain an overall competitive GPA in all courses.

## Fast Facts

Enterprise Risk Management (ERM) is a senior corporate function that focuses on the identification and assessment of the key risks of an organization, and the development of strategies to handle these risks in a way that increases the value of the firm.

Several checkpoints have driven the need for enterprise risk management:

- Greater transparency
- Financial disclosures with stricter reporting and control requirements
- Security and technology issues
- Business continuity and disaster preparedness in a post-9/11 world
- Focus from rating agencies
- Regulatory compliance
- Globalization in a continuously competitive environment



# Enterprise Risk Management

ERM commonly focuses on four general areas of risk:

1. Hazard Risk: Lawsuits or damage from natural disasters
2. Operational Risk: Risk resulting from failed systems, poor design, or worker error
3. Financial Risk: Changes in commodity prices or currencies
4. Strategic Risk: Corporate gains and losses from changes in consumer demand

## Enterprise Risk Management Requirements

A grade of C or higher is required in all major courses.

### Prescribed ERM Courses

(9 credits)

**RM 301 (3):** Risk and Decisions

**RM 320W (3):** Risk Management and Insurance

**RM 405 (3):** Corporate Risk Management

### ERM Electives

(9 credits) select three courses from the following:

**RM 440 (3):** Risk, Strategy, and Decision Making

**RM 475(3):** Quantitative Analysis for Business

**BLAW 441 (3):** Business Law II: Agency, Employment and Business Structure

**FIN 406 (3):** Security Analysis and Portfolio Management

### Select a Two-Piece Sequence

(6 credits) from one of the following areas or complete an approved University minor.

- Accounting
- Actuarial Science
- Business Law
- Business Sustainability
- Corporate Benefits
- Corporate Diversity
- Corporate Innovation and Entrepreneurship
- Economics
- Finance
- Information Systems Management
- International Business
- Marketing
- Real Estate
- Statistics
- Supply Chain and Information Systems

## Employment Statistics

- Average Starting Salary: **\$61,150**
- Average Signing Bonus: **\$5,444**
- Average Internship Wage: **\$19.50/hour**

## Employment By Industry

- Financial Services: **37%**
- Consulting Services: **34%**
- Other: **29%**

## Top Full-Time Companies

- Ernst & Young
- Goldman Sachs
- JP Morgan
- Morgan Stanley
- Synchrony Financial

## Top Internship Companies

- Geico
- Grant Thornton
- JP Morgan
- KPMG
- Synchrony Financial

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