

Risk Management

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Career Overview

Organizations face a wide array of risks in today's rapidly changing and complex business environment. Operations can be disrupted by a variety of unanticipated factors, ranging from external forces like natural disasters and political risks to internal factors like faulty product design and flawed financial systems. CEOs make risky strategic decisions in an increasingly competitive marketplace where the cost of missteps is high. In recent years, firms have encountered new risks in the form of terrorism, global litigation, and the growing costs of human resources.

Employment Prospects

Corporations and non-profits have turned to enterprise risk management in an effort to protect themselves from the adverse consequences of all of these risks. Risk analysis touches a wide range of systems including management and control of risk and legal, political, economic, and property risk assessment. This rigorous program of study is designed to prepare students for careers in risk management, or risk analysis (including enterprise risk management and real estate), and government agencies that demand quantitative and qualitative skills needed to meet modern risk assessment requirements.

Major Overview

The Department offers two majors: Actuarial Science and Risk Management. The Actuarial Science majors stresses the application of mathematical and statistical concepts to the measurement of life and other risk contingencies, while at the same time giving students a broad understanding of the business environment.

Students in the Risk Management major are required to elect one of two options: Enterprise Risk Management (ERM) or Real Estate (REST). The added flexibility of selecting courses both within the department and outside the college enables students to meet personal and professional goals.

› Enterprise Risk Management (ERM) Option

Prepares students to identify, quantify, and qualify the regulatory, legal, financial, and contractual aspects of



enterprise risk; the management of such risks; and the application of risk management techniques to control risk exposures in organizations.

› Real Estate (REST) Option

Designed for a wide range of professional opportunities in corporate real estate, counseling, commercial real estate brokerage, appraisal, investment, property and asset management, mortgage lending and banking, and development. The focus of the program is on real estate risk analysis and how to make wise real estate decisions in a world of risk and uncertainty.

Minor Overview

The Department of Risk Management coordinates one of the most popular undergraduate minors at Smeal.

› Legal Environment of Business (LEBUS)

Presents students with a structured study of the statutory and common law governing the business environment. Students in this program have the opportunity to learn advanced legal subject matter, including business organization structures, employment law, property law, commercial transactions, intellectual property, environmental law, and government regulation.



Real Estate Analysis and Development (READ) Certificate

smeal.psu.edu/risk-management/degrees/read

Any Smeal student not enrolled in the Risk Management Real Estate option may earn the nine-credit READ Certificate. The program, offered exclusively at the University Park campus, helps students gain an understanding of the complexities of real estate resources, which will assist in both personal and professional investment decisions.

Skills that will be enhanced via the READ experience include negotiations, investment analysis, enhanced financial techniques, and institutional knowledge of the real estate industry. Students will be encouraged to participate in extracurricular opportunities including the Real Estate Boot Camp Program, the Real Estate Society student club, and certification in the industry-leading software analysis platform: Argus.

Course Requirements

READ requires completion of three courses from the following list, earning a grade of "C" or better in each.

Required

- > **RM 303**
Real Estate Fundamentals
- > **RM 450**
Contemporary Issues in Real Estate Markets

Choose One

- > **RM 424**
Real Estate Law
- > **RM 460**
Real Estate Financial Analysis
- > **RM 470**
Real Estate and Capital Markets
- > **RM 475**
Quantitative Analysis for Business

Risk Management Highlights

Consider some of the other factors that help to enhance the environment for Risk Management students at the Smeal College of Business.

Student Organizations

Risk Management majors have access to a variety of discipline-specific student organizations including the Enterprise Risk Management Association and the Real Estate Association.

Institute for Real Estate Studies (IRES)

smeal.psu.edu/ires

Part of a network of research centers at Smeal, the Institute for Real Estate Studies fosters discussion and research between the academic and business worlds and provides a focal point for real estate education at Penn State.

Laboratory for Economics Management and Auctions (LEMA)

smeal.psu.edu/lema

The LEMA is used by researchers to simulate business activities such as markets and negotiations. Providing hands-on demonstrations of market principles and decision-making behavior, LEMA tests areas such as auctions, bargaining and dispute resolution, electronic markets, mechanism design, and decision support systems.

Key Department Contacts

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