# NEBOSH IIRSM Certificate in Managing Risk

## Qualification guide for Learning Partners

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# Qualification overview

# Qualification overview

**Qualification key features**

| Unit prefix and title | **Unit MAR1**: Managing risk effectively | | |
|---|---|---|---|
| **Assessment** <br><br> **Unit MAR1:** | **Assessment Type** <br><br> Onscreen multiple choice examination | **Assessment Time** <br><br> 1 hour | **Pass mark** <br><br> 80% |
| **Notional learning hours** | Teaching time: 28 hours <br> Self-study: 8 hours <br> Assessment: 1 hour <br> **Total: 37 hours** | | |
| **Qualification level** | Notional level – SCQF Level 6 (equivalent to RQF Level 3) | | |
| **Modes of study** | eLearning | | |
| **Entry requirements** | None | | |
| **Recommended minimum standards of English** | Learners:  International English Language Testing System 6.0 or higher <br> Tutors: International English Language Testing System 7.0 or higher | | |
| **Languages available** | English | | |
| **Assessment dates/ registration** | On-demand only. Registrations can be made up to and including the assessment date, once the assessment is available in CPI. | | |
| **Qualification grades** | Pass <br> Refer | | |

# Qualification summary

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## Introduction

The *NEBOSH IIRSM Certificate in Managing Risk* is an introductory level qualification in risk management. It is suitable for anyone who wants to be able to identify, evaluate, and manage risks and understand their impacts for an organisation. It is particularly relevant for risk professionals looking to gain a broader view of risk beyond a specialism such as health and safety, quality, or business continuity.

On completion of the course, your learners will be able to:

- understand the principles of risk and risk management;
- source and challenge the validity of risk information;
- understand the impact of psychology on decision making;
- apply the risk management process to manage risk effectively; and
- understand how to integrate the risk management framework into their organisation.

## Syllabus development and review

The syllabus has been developed by NEBOSH and the IIRSM following extensive consultation with key stakeholders, notably Learning Partners, employers, NEBOSH Alumni and subject experts.

NEBOSH would like to take this opportunity to thank all those who participated in the development and implementation of this qualification.

## Minimum standard of English required for learners

The standard of English required by your learners studying for the *NEBOSH IIRSM Certificate in Managing Risk* must be such that they can both understand and articulate the concepts contained in the syllabus. It is important to stress that the onus is on you to determine your learners' standards of proficiency in English.

*"Managing risks is everyone's responsibility, from the board to the shop-floor. Risk management helps to improve decision making, navigate times of uncertainty and should form an integral part of strategy and business planning – it aids people and organisations to be more resilient."*

**Holly Mulvihill-Clark
IIRSM Head of Education**

# Qualification summary

## Assessment

To achieve the qualification, learners must complete and pass the Unit MAR1 assessment. This assessment is an onscreen multiple-choice examination. It is available on-demand, which means once learners have completed the eLearning course, they can take the assessment at any time and will receive their results immediately. Learners will get two attempts at the assessment.

## Achieving the qualification

The *NEBOSH IIRSM Certificate in Managing Risk* has one assessment (see 'Qualification overview' for details on the assessment and the pass mark); your learners must achieve a 'Pass' in the unit to be awarded the qualification.

## Individual learner feedback

For more information on the assessment feedback provided for this qualification, please visit the NEBOSH website: https://www.nebosh.org.uk/faqs/how-can-i-gain-feedback-on-my-performance-to-assist-with-future/.

## Issue of qualification parchment

Once a learner has achieved a 'Pass' they are normally considered to have completed the qualification and an e-certificate will be issued instantly.

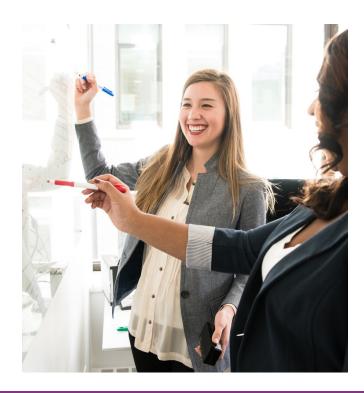## What to do if your staff, family or friends are sitting the course

If any of your staff, family or friends want to sit the course you must tell us first. Further information can be found in the "Instructions for Conducting Examinations" document.

## Available resources

In addition to this guide, the following resources are downloadable from the NEBOSH website:

- course book;
- case studies;
- leaflet.

# Syllabus

# Syllabus

## Learning outcomes and assessment criteria

### Element 1 – Principles of risk and risk management

| Learning outcome<br>On completion of this course the learner will be able to: | Element | Assessment criteria |
|---|---|---|
| Understand the principles of risk and risk management (1.1.1 – 1.1.4, 1.1.7 – 1.1.8)<br><br>Source and challenge the validity of risk information (1.1.5, 1.1.6) | **1.1** | 1.1.1 Recognise different definitions of risk<br>1.1.2 Understand the common themes across different risk definitions<br>1.1.3 Recognise positive consequences of risk<br>1.1.4 Distinguish between uncertainty, risk, and hazard<br>1.1.5 Identify uncertainty using credible sources of information<br>1.1.6 Recognise the value of information<br>1.1.7 Identify and classify types of risk<br>1.1.8 Understand the principles of risk management |
| Understand the impact of psychology on decision making | **1.2** | 1.2.1 Describe experimental and personality-based approaches to risk psychology<br>1.2.2 Appreciate why people think and act differently<br>1.2.3 Describe the benefits of diverse thoughts on risk<br>1.2.4 Demonstrate how human thought influences decision making<br>1.2.5 Understand how behavioural economics can influence decision making |

**Recommended tuition time: 11 hours**

# Syllabus

## Element 2 – The risk management process

| Learning outcome On completion of this course the learner will be able to: | Element | Assessment criteria |
|---|---|---|
| Apply the risk management process to manage risk effectively | **2.1** | 2.1.1 Understand the risk management process |
| | **2.2** | 2.2.1 Understand the importance of scope in the risk management process |
| | | 2.2.2 Recognise the impact/influence of external factors on the objectives of an organisation |
| | | 2.2.3 Understand the PESTLE model and how it can be used to identify opportunities and threats |
| | | 2.2.4 Describe how Porter's Five Forces Model can be used to explore external/ internal factors |
| | | 2.2.5 Analyse the impact of internal factors on the objectives of the organisation |
| | | 2.2.6 Conduct a stakeholder analysis |
| | | 2.2.7 Apply the SWOT model to better understand an organisation's internal and external factors |
| | | 2.2.8 Understand the importance of risk appetite in the risk management process |
| | **2.3** | 2.3.1 Describe the separate elements of risk assessment and common tools and techniques used |
| | **2.4** | 2.4.1 Apply different risk treatment strategies |
| | **2.5** | 2.5.1 Understand the purpose and features of the recording and reporting of risks and its importance |
| | | 2.5.2 Describe the types of risk information that should be recorded and why |
| | **2.6** | 2.6.1 Explain when to communicate and consult on risk management and why it's important |
| | **2.7** | 2.7.1 Understand the purpose and features of the monitoring and review of risks and its importance |

**Recommended tuition time: 12 hours**

# Syllabus

## Element 3 – The risk management framework

| Learning outcome<br>On completion of this course the learner will be able to: | Element | Assessment criteria |
|---|---|---|
| Understand how to integrate the risk management framework into your organisation | **3.1** | 3.1.1   Understand the risk management framework<br><br>3.1.2   Understand why risk management is an integral part of decision making and explain how the risk management framework should be integrated into organisational functions and processes<br><br>3.1.3   Understand the purpose of management standards and role of risk champions in an organisation |
| | **3.2** | 3.2.1   Understand the relationship between risk culture, risk management culture, and organisational culture<br><br>3.2.2   Identify techniques to monitor and develop risk management culture |
| | **3.3** | 3.3.1   Understand the key features of Business Continuity Management (BCM) and Crisis Management (CM) and their relationship with risk management and organisational resilience |

**Recommended tuition time: 5 hours**

# Syllabus

## Element 1 – Principles of risk and risk management

| Element 1.1 – The principles of risk and risk management | |
|---|---|
| **1.1.1** | **Different definitions of risk** |
| | • Risk depends on context: |
| |     > health and safety – HSE definition |
| |     > environmental science – Business Dictionary definition |
| |     > International Accounting Standards (IAS315) |
| |     > project management – PMBOK and PRINCE2 definitions |
| |     > risk management – BS ISO 31000:2018 definition |
| |     > Hillson (Dr David Hillson) definition |
| |     > financial services – FCA definition |
| |     > banking – Basel Committee on Banking Supervision definition. |
| **1.1.2** | **Common themes across risk definitions** |
| | • Level of risk |
| | • Likelihood – chance of something happening |
| | • Consequence – outcome of an event affecting objectives |
| | • Other factors: stakeholder, source/cause, event, control |
| | • Other terminology: significant, uncertainty, threat, opportunity, objectives, emerging risks. |
| **1.1.3** | **Positive consequences of risk** |
| | • Positive risk and how organisations capture this |
| | • Evaluation of risk to include negative and positive outcomes. |

# Syllabus

## Element 1.1 – The principles of risk and risk management

**1.1.4** | **The difference between uncertainty, risk, and hazard**

- Difference between risk and hazard (eg, ISO 45001:2018)
- Meaning and examples of uncertainty; how this translates into risk, eg, climate change, technology, conflict between countries, terrorism, health
- Categories of uncertainty: eg, technology, science and medicine, environment and energy, political and regulatory, business, finance, economy, security, market, people.

**1.1.5** | **Sources of information used for the identification of uncertainty and risk**

- Sources of information (for example: global risk management reports, technical and industry papers etc.)
- Horizon scanning (horizon scanning reports).

**1.1.6** | **The value of information**

- Positive and negative information
- Statistics:
  - > use and abuse
  - > interpretation of data
  - > sample sizes
  - > appropriateness for recipient
- Reliability:
  - > understanding 'who' as well as 'what' to believe and trust
  - > potential problems with information including:
    - fake news
    - foxification or opinion news
    - filter bubbles
    - echo chambers
    - social media
  - > evaluating the reliability of the 'news' (i.e., source, author, date, facts, bias)
  - > reliability of surveys.

# Syllabus

## Element 1.1 – The principles of risk and risk management

**1.1.7** | **Identification and categorisation of risk**

- Benefits of risk classification
- Categories of risk including:
  - > strategic
  - > operational
  - > tactical
  - > functional (eg, accounts/HR/facilities/maintenance)
  - > project/programme
  - > safety/compliance
  - > sector specific.

**1.1.8** | **The risk management principles and their use**

- Definition (ISO 31000)
- Purpose (ISO 31000)
- The importance of managing risk
- Principles (ISO 31000) and their use:
  - > integrated
  - > structured and comprehensive (systematic, structured, and timely)
  - > customised (tailored)
  - > inclusive (transparent and inclusive)
  - > dynamic
  - > best available information
    - explicitly considers information limitations and uncertainties
  - > human and cultural factors (including behaviour)
  - > continual improvement.

# Syllabus

| Element 1.2 – The impact of psychology on decision-making | |
|---|---|
| **1.2.1** | **Different approaches to risk psychology**<br>• Experimental psychology<br>• Personality based psychology:<br>   > Big Five traits model<br>   > risk appetite (personal). |
| **1.2.2** | **Why people think and act differently**<br>• Psychological perspective: eg, McClelland, Alderfer, and Maslow<br>• Cultural perspective:<br>   > Hofstede: six dimensions. |
| **1.2.3** | **Benefits of diversity and diverse thinking**<br>• Creativity and innovation to influence risk:<br>   > objectives<br>   > risk appetites<br>   > perceptions of risk<br>   > approaches to address risk<br>• Organisational culture:<br>   > Edgar Schein's model of organisational culture<br>   > David Rock's SCARF Model<br>   > the relationship between culture and mistakes. |

# Syllabus

| Element 1.2 – The impact of psychology on decision-making | |
|---|---|
| **1.2.4** | **Conscious and sub-conscious decision making**<br>• Conscious and sub-conscious decision making<br>• Different types of bias including:<br>   > stereotype bias<br>   > hindsight bias<br>   > anchor bias<br>   > cognitive dissonance bias<br>   > group think bias<br>   > availability bias<br>   > confirmation bias. |
| **1.2.5** | **Behavioural economics and decision making**<br>• Nudging behaviour and its influence in decision making in business<br>• Practical application of behavioural economics<br>• Consumer research<br>• Richard Thaler's Nobel Prize for integrating economics with psychology, exploring the consequences of:<br>   > limited rationality<br>   > social preferences<br>   > lack of self-control. |

# Syllabus

## Element 2 – The risk management process

### Element 2.1 – Overview of the risk management process

| 2.1.1 | **Stages in the risk management process (ISO31000:2018, COSO ERM:2017)**<br>• Similarities and differences between ISO 31000 and COSO<br>• Steps to be followed<br>• Cyclical nature of the process<br>• Application of policies, procedures and practices. |
|---|---|

### Element 2.2 – Scope, context and risk appetite

| 2.2.1 | **Determining scope in the risk management process**<br>• Defining scope at different levels (including strategic, operational and programme/project)<br>• The link to an organisation's: aims, objectives, strategies, culture, values, and purpose<br>• Factors:<br>  > entity objectives and decisions<br>  > expected outcomes (goals)<br>  > factual scope (limits including what is included or excluded)<br>  > risk assessment tools and techniques<br>  > resources, responsibilities, and records<br>  > relationships with other entities/activities<br>• Considerations:<br>  > identification of key competence requirements<br>  > identification of weaknesses in existing risk management systems. |
|---|---|
| 2.2.2 | **The impact/influence of external factors on the objectives of an organisation** |

# Syllabus

| Element 2.2 – Scope, context and risk appetite | |
|---|---|
| **2.2.3** | **The PESTLE model and how it can be used to identify opportunities and threats**<br>• The six categories of the PESTLE model<br>• The translation of uncertainty into risk<br>• Inter-connected uncertainty across PESTLE<br>• STEEPLE model<br>• The use of PESTLE. |
| **2.2.4** | **Porter's Five Forces Model**<br>• Porter's Five Forces Model and its use. |
| **2.2.5** | **Impact of internal factors on objectives**<br>• Internal factors<br>• The Organisational Resilience Tension Quadrant. |
| **2.2.6** | **Stakeholder analysis**<br>• The use of stakeholder analysis<br>• Stakeholder power and influence model. |
| **2.2.7** | **The SWOT model and how this can be used to understand an organisation's internal and external factors**<br>• The four categories of the SWOT model<br>• The Organisational Resilience Index. |
| **2.2.8** | **Risk Appetite in the risk management process**<br>• Risk Appetite (what it represents, what should be considered)<br>• Risk criteria (what they are and what they are used for).<br>**Characteristics of effective risk criteria and what needs to be considered during their development** |

# Syllabus

## Element 2.3 – Risk assessment

**2.3.1**

**Risk assessment**

- Risk identification
- Risk registers
- Risk analysis
- Risk evaluation
- Tools and techniques for risk assessment and their benefits and limitations (ISO 31010):
    - > bow tie analysis
    - > brainstorming
    - > business impact analysis (BIA)
    - > checklists
    - > failure mode effect analysis (FMEA)
    - > multi-criteria decision making
    - > risk workshops
    - > root cause analysis
    - > scenario analysis
    - > structured/ semi-structured interviews
    - > structured "what-if" (SWIFT)
    - > questionnaires/surveys.

## Element 2.4 – Risk treatment

**2.4.1**

**Risk treatment**

- Purpose
- Risk treatment:
    - > options (Tolerate, Terminate, Treat, Transfer)
    - > balancing benefits/ justification
- Risk treatment plans:
    - > purpose
    - > content (eg, rationale, accountability and responsibility).

# Syllabus

## Element 2.5 – The role and importance of risk reporting and information

| 2.5.1 | **Recording and Reporting** |
|---|---|
| | • Purpose |
| | • Aims |
| | • Factors to consider. |

| 2.5.2 | **What risk information should be recorded** |
|---|---|
| | • Additional information to consider when recording and reporting |
| | **Why risk information must be recorded** |
| | • The importance of providing risk information to others. |

## Element 2.6 – Communication and consultation in the risk management process

| 2.6.1 | **Communicating and consulting on risk management** |
|---|---|
| | • Purpose (BS ISO 31000:2018) |
| | • Aims |
| | • Considerations |
| | • Internal and external communication and reporting mechanisms. |

## Element 2.7 – Monitoring and review of the risk management process

| 2.7.1 | **Monitoring and Review** |
|---|---|
| | • Purpose |
| | • Benefits. |

# Syllabus

## Element 3 – The Risk Management Framework

### Element 3.1 – Integrating the risk management framework within an organisation

**3.1.1** | **The risk management framework**

- Benefits
- Components (overarching requirements and interdependencies):
    - > leadership and commitment
    - > design
    - > implementation
    - > evaluation
    - > improvement
    - > integration
- Risk management policy:
    - > policy features (BS 31100:2011)
    - > guidance for implementation (BS 31100:2011)
    - > resource requirements
    - > key competences for risk management (IIRSM Risk Management and Leadership Competency Framework).

**3.1.2** | **Risk management as an integral part of an organisation's decision making**

- Integrating risk management with other organisational activities through:
    - > policies and processes:
        - strategies
        - forecasting and planning
- Benefits
- Features of risk management that contribute to integration
- Risk management responsibilities:
    - > Senior leadership
    - > Risk departments
- Risk relating to front line functions
- Three Lines Model.

# Syllabus

| Element 3.1 – Integrating the risk management framework within an organisation | |
|---|---|
| **3.1.3** | **Purpose of management standards**<br>• Categories of standards<br>• Benefits<br>• Plan, Do, Check, Act.<br>**Role of risk champions in an organisation** |

| Element 3.2 – The risk management framework and its relationship with culture | |
|---|---|
| **3.2.1** | **The risk management framework and its link to effective risk management culture**<br>• Leadership, people, process and product<br>• The difference between organisational culture, risk culture and risk management culture:<br>   > interconnections of culture. |
| **3.2.2** | **Features of a positive risk management 'culture'**<br>**Monitoring and developing a risk management culture (BS31100:2011)**<br>• Monitoring attitudes to risk management<br>• Demonstrating leadership<br>• Monitoring and communicating added value from risk management<br>• Education and training in risk management<br>• Links to individual objectives and performance appraisals<br>• Integrating risk management in other processes<br>• Continually maintaining and improving risk management. |

# Syllabus

**Element 3.3 – The relationship between risk management, business continuity, crisis management and organisational resilience**

| 3.3.1 | **Key features of business continuity management (BCM) and crisis management (CM) and their relationship to risk management and organisational resilience** |
|---|---|

- Relationship between business continuity management (BCM), crisis management (CM), risk management and organisational resilience
- Features of crisis management (PD CEN/TS 17091:2018)
- Business continuity management:
    - > features (ISO 22310: 2019)
    - > integration into business processes (Business Continuity Institute – Good Practice Guidelines 2018)
- Organisational resilience (ISO 22316:2017 and BS 65000:2014):
    - > factors
    - > strategies.