

Economics of Decisions and Enterprise Risk Management

Course title – Intitulé du cours	Economics of Decisions and Enterprise Risk Management
Level / Semester – Niveau / semestre	M2 / S3
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	David Alary – Ulrich Hege
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	15
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English / Anglais
TA and/or TP Language – Langue des TD et/ou TP	

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

Email and office: David Alary, david.alary@tse-fr.eu , office T 311
Ulrich Hege , ulrich.hege@tse-fr.eu , office T 616

Course Objectives – Objectifs du cours :

This course aims to introduce decision and management tools for future risk professionals. The first part of the course is dedicated to approaches in Economics of Decisions, focusing in particular on decisions under uncertainty, violations of the axiomatic expected utility framework, bounded rationality, and behavioral biases.

The second part focuses on Enterprise Risk Management, aiming to introduce the perspective of the chief Risk Officer (CRO) in a corporation. Topics that will be covered include Corporate Governance, line management, operational risk management, incentives in organizations, stakeholder management and CSR risks, risk transfer, risk analytics. This part of the course will also include applications and case discussions.

Prerequisites – Pré requis :

The prerequisites for this course are Microeconomics (M1), basic finance (such as Introduction to Finance in L3), and notions of corporate finance (such as Corporate Finance in M1).

Practical information about the sessions – Modalités pratiques de gestion du cours :

Students are expected to attend and actively participate in all lectures.

Grading system – Modalités d'évaluation :40

The final grade consists of the following parts:

- Final exam (70%)
- problem sets, group work, participation (30%)

Bibliography/references – Bibliographie/références :

Lam, James, Enterprise Risk Management, 2nd edition, Hoboken: John Wiley, 2014, ISBN: 978-1-118-41361-6

Session planning – Planification des séances :

The first part on the Economics of Decisions will cover:

1. Decision theory under Risk
2. Psychological bias in decision making
3. Some theories of decision making under uncertainty

The second part on Enterprise Risk Management will provide introduction to the following topics:

1. What is ERM?
2. Risk Management and Corporate Governance
3. Line Management and Operational Risk Management
4. Risk Analytics and Risk Transfer
5. Incentives in organizations, Stakeholder Management and CSR Risks

Distance learning – Enseignement à distance :

Distance learning can be provided when necessary by implementing, for example: / En cas de nécessité, un enseignement à distance sera assuré en mobilisant, par exemple :

- Interactive virtual classrooms / Classe en ligne interactive
- Recorded lectures (videos) / Vidéo enregistrée de la présentation du matériel pédagogique
- MCQ tests and other online exercises and assignments / QCM et exercices en ligne
- Remote (online) tutorials (classes) / TP/TD à distance
- Chatrooms / Forums