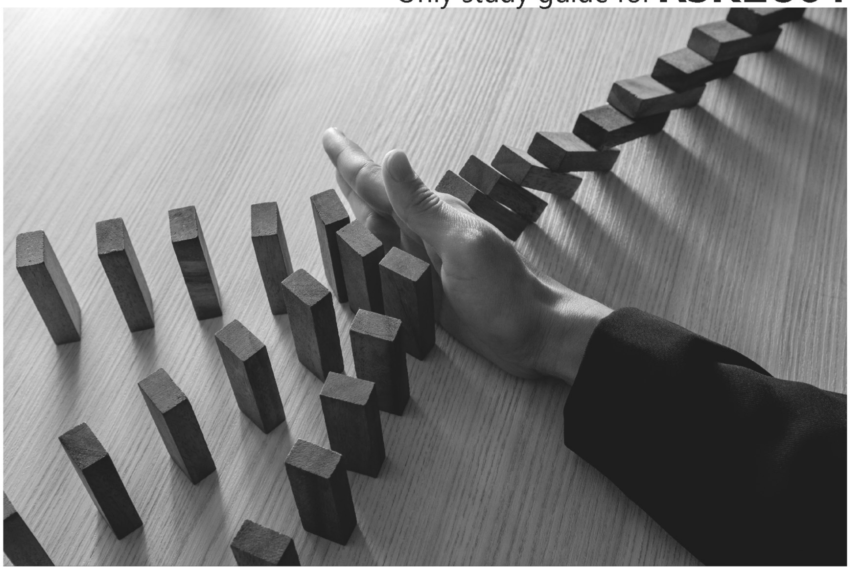
ENTERPRISE RISK MANAGEMENT

Only study guide for **RSK2601**



DEPARTMENT OF FINANCE, RISK MANAGEMENT AND BANKING

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CONTENTS

PREFACE

1. Welcome

Welcome to the Enterprise Risk Management (ERM) module. As the field of ERM is dynamic and challenging, the learning content of the tutorial letter will give you the opportunity to explore the concept of risk and ERM.

2. Overview of the module

We all live with risk and uncertainty because, generally speaking, we simply do not know what the future holds. Through the ages, humankind has struggled to cope with and overcome risk and the consequences thereof. Indeed, one can argue that humanity's struggle to manage or cope with risk is one of the driving forces behind socio-economic and socio-political development. The learning content and activities contained in this tutorial letter will therefore provide you with insight into the evolution of risk management into ERM.

3. Purpose of the module

This module deals with the management of risk as it is practised by enterprises in the public, private and non-profit sectors. Historically, risk management has focused on avoiding the adverse consequences of risk. Today, however, risk management is about something quite different - the integrated and coordinated management of all types of risks and consequences thereof on an enterprise-wide basis. The purpose of this module is to explain risk management as an enterprise-wide concept and propose a framework for the implementation of ERM in an enterprise. The module will also provide a foundation for later courses and modules in risk management.

4. Link to other courses

This module does not stand alone, but forms an integral part of the entire course in Risk Management. The purpose and the learning outcomes of this module are therefore aimed at developing your expertise and abilities in enterprise risk.

5. Learning outcomes of this module

Students will find the learning outcomes at the beginning of each topic and study unit. The learning outcomes form an important part of the learning process, as they give guidelines to the focus areas on the topics, study units, assignments and the examination.

6. *Study material and prescribed book*

The prescribed book, study guide, tutorial letters 101 and 201 will direct you on how to approach the learning and all other resources as well as explain how you can use these to your benefit. This tutorial letter is based on the following prescribed book:

Chapman, R.J. 2011. *Simple Tools and techniques for enterprise risk management, 2nd edition*. John Wiley and Sons Ltd (ISBN 9781118742426) (Paperback).

7. *Use of icons*

The icons and the meaning of each are explained below:

	**Learning Outcomes and Assessment Criteria.** The aspects of a particular topic or study unit you have to master (i.e., know and understand) and will be tested on in the examination to demonstrate competence.
	**Key Concepts.** Attention is drawn to certain keywords or concepts that you will come across in the topic or study unit.
	**Overview**. The overview provides the background to a particular topic or study unit.
	**Study.** The Study icon indicates which sections of the prescribed book you need to study (i.e., learn, understand and practice).
	**Read.** This icon will direct you to read certain sections of the prescribed book for background information.
	**Assessment.** When you see the assessment icon, you will be required to test your knowledge, understanding and application of the material you have just studied.
	**Summary.** This section provides a brief summary of what was covered in a particular study unit and what can be expected in the following study unit(s).

8. *Conclusion*

Enjoy your studies and we are looking forward to being your partners during this period.

Best wishes

Ms S Maré
Prof AT Mutezo

TOPIC 1

ERM IN CONTEXT

AIM

At the end of this topic, you should be able to demonstrate, discuss and interpret risk, risk management and ERM in an overall context and be able to assess corporate governance in a risk-related context.

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define ERM and discuss its relevance to businesses.
- Analyse and assess corporate governance in a risk-related context, and
- Compile an ERM implementation strategy for an enterprise.

TOPIC CONTENT

Study Unit 1: Introduction

Study Unit 2: Corporate Governance

OVERVIEW

After disasters like Enron in December 2001, WorldCom in July 2002 and the recent Global Financial crisis of 2007/2010, investors' trust in companies decreased and company ethics were widely criticised. With the demand for investment funds in developed and developing countries increasing and the free flow capital barriers decreasing, investors and policy makers recognised that corporate governance is necessary to attract both foreign and domestic capital. Therefore, the lack of effective risk management and proper corporate governance has often been blamed for the collapse of many international and national corporations.

The evolution of ERM was driven by shortcomings in the traditional risk management approaches. Current trends and developments that increased the awareness of risk compelled enterprises to adopt a more holistic and integrated approach to the management of its risks. In this study unit, the concepts of ERM and Corporate Governance are defined. The benefits of ERM and corporate governance are highlighted and a suggested framework for the implementation thereof discussed.

Study Unit 1

INTRODUCTION

CONTENTS

AIM

At the end of this unit, you will be able to demonstrate a clear background of risk, risk management and ERM.

KEY CONCEPTS

Risk
Risk Management
ERM
Risk diversity
Risk taking

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define and explain the terms risk, risk management, risk diversity and risk taking.
- Explain the relationship between risk and opportunity.
- Discuss the objectives of the board;
- Discuss the role of the board taking into account the integration of risk management;
- Define and discuss the benefits of ERM, and
- Outline and discuss the generic structure of ERM.

LEARNING MATERIAL

Study Unit 1 deals with Chapter 1 of the prescribed book.

1.1 INTRODUCTION

Risk management is an increasingly important business driver and stakeholders have become much more concerned about risk. Risk may be a driver of strategic decisions, it may be a cause of uncertainty in the business or it may simply be embedded in the activities of the business. An enterprise-wide approach to risk management enables a business to consider the potential impact of all types of risks on all processes, activities, stakeholders, products and services. Implementing a comprehensive approach will result in a business benefiting from what is often referred to as the 'upside of risk'.

The global financial crisis in 2008 demonstrated the importance of adequate risk management. Since then, new risk management standards have been published, which draw together all developments to provide a structured approach to implementing ERM.

Read the section on "Introduction" in Chapter 1 of the prescribed book.

1.2 RISK DIVERSITY

As businesses strive for the creation of value for their shareholders they should understand what risks to take and those to avoid. As businesses grow, they are continuously exposed to greater, more complex and diverse (of various kinds or forms) and dynamic risks. Therefore, the range of risks that organisations need to manage has greatly increased. Because of the diversity of risk exposures, risk management requires a broader approach.

Study Section 1.1 on "Risk Diversity" in Chapter 1 of the prescribed book.

1.3 APPROACH TO RISK MANAGEMENT

Traditionally, risk management has been segmented and carried out in "silos". However, with the dynamic environment and the evolving nature of risk, businesses encounter new types of risk while pursuing new business objectives. There is therefore a need for an integrated framework for a holistic approach to risk management. Businesses have increasingly become exposed to a whole range of risks including operational, strategic, financial, market, compliance and regulatory risks. It is clear that an effective risk management function, based on a broad and integrated framework, is necessary to ensure that all risks are covered. ERM is therefore a response to the sense of inadequacy in using a silo-based approach to manage increasingly interdependent risks (Chapman, 2011). With ERM, risks can be managed in a coordinated and integrated way across an entire business.

Study the section on "Approach to risk management" par. 1.2 in Chapter 1 of the prescribed book.

1.4 BUSINESS GROWTH THROUGH RISK TAKING

Risk-taking refers to the tendency to engage in behaviours that have the potential to be harmful or dangerous, yet at the same time provide the opportunity for some kind of outcome that can be perceived as positive. Driving fast or engaging in substance use would be examples of risk-taking behaviour. They may bring about positive feelings in the moment. However, they can also put you at risk for injury, such as an accident. Likewise, taking and managing risk is the essence of business survival and growth.

1.5 RISK AND OPPORTUNITY

The effective management of risks and opportunities is increasingly seen as an important competitive differentiator, helping businesses achieve success despite difficult economic times. Businesses continuously explore and develop opportunities to sustain earnings and drive long-term increases in shareholder value. It is acknowledged that in their daily activities, businesses are exposed to various risks and that it is necessary to take certain risks to maximise business opportunities. The Board has the overall responsibility to operate an effective risk and opportunity management system that ensures comprehensive and consistent management of all significant risks and opportunities. The benefits of effective risk and opportunity management include the following:

- Improved cost certainty
- Higher economic returns
- Sustainable shareholder value
- Increased stakeholder confidence
- Reduction of costly disputes and claims

Study section 1.4 on "Risk and Opportunity" in Chapter 1 of the prescribed book.

1.6 THE ROLE OF THE BOARD

The board's role is to steer the corporation towards corporate governance policies that support long-term sustainable growth in shareholder value. The board should:

- Eliminate policies that promote excessive risk-taking for the sake of short-term increases in stock price performance;
- Establish compensation plans that align goals to long-term value creation, taking into consideration incentive risks;
- Ensure that appropriate risk management systems are in place to avoid excessive risk taking, and
- Be comprised of primarily independent, diverse members, which is helpful to assess a business' risk profile.

Study section 1.5 on "The Role of the Board" in Chapter 1 of the prescribed book

1.7 PRIMARY BUSINESS OBJECTIVE (OR GOAL)

Read the section on "Primary Business Objective (or Goal)" par. 1.6 in Chapter 1 of the prescribed book.

1.8 WHAT IS ERM?

ERM is a structured and systematic process that is interwoven with existing management responsibilities. It provides a framework based on analysing risks and opportunities, with an ultimate objective of creating value for the shareholders. ERM entails the alignment of an organisation's strategy, processes, people, technology and knowledge to meet its risk management purpose; and offers a systematic and integrated way of identifying and responding to all sources of risk. ERM aims to provide a coherent framework to deal with all risks that result from operating in the ever-changing economic environment.

Study the section on "What is Enterprise Risk Management?" par 1.7 in Chapter 1 of the prescribed book.

1.9 BENEFITS OF ERM

For all types of organisations, there is a need to understand the risks being taken when seeking to achieve objectives and attain the desired level of reward. Organisations need to understand the overall level of risk embedded within their processes and activities. It is important for organisations to recognise and prioritise significant risks and identify the weakest critical controls. When setting out to improve risk management performance, the expected benefits of the risk management initiative should be established in advance. The outputs from successful risk management include compliance, assurance and enhanced decision-making. Such outputs will provide benefits by way of improvements in the efficiency of operations, effectiveness of tactics (change projects) and the efficacy of the strategy of the business. The benefits of ERM include the following:

- Increase in the likelihood of a business realising its objectives
- Build confidence in stakeholders and the investment community
- Comply with relevant legal and regulatory requirements
- Align risk appetite and strategy
- Improve organisational resilience
- Enhance corporate governance
- Embed the risk process through the organisation
- Minimise operational surprises and losses
- Optimise allocation of resources
- Identify and manage cross enterprise risks
- Link growth, risk and return
- Rationalise capital
- Seize opportunities
- Improve organisational learning

Study the section on "Benefits of Enterprise Risk Management" par. 1.8 in Chapter 1 of the prescribed book.

1.10 ERM STRUCTURE

ERM is composed of seven elements namely: corporate governance, internal control, implementation, risk management framework, risk management policy, risk management process and sources of risk.

1.10.1 Corporate governance (board oversight)

Corporate governance is the framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with all its stakeholders (financiers, customers, management, employees, government and the community).

The corporate governance framework consists of:

- Explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights, and rewards;
- Procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges, and roles, and
- Procedures for proper supervision, control and information flows to serve as a system of checks and balances.

1.10.2 Internal control (sound system of internal control)

The report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control – Integrated Framework (1992), defines internal control as "a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The aim is to accomplish this through the identification and assessment of risks facing the business and responding to them by either removing them or, reducing them or, where it is economic to do so, to transfer them to a third party.

1.10.3 Implementation

Implementation of risk management can be resourced internally or externally. The parameters of any planned actions have to be mapped, communicated and agreed so that the time factor, resources, costs, inputs and deliverables are understood.

1.10.4 Risk management framework

The risk management framework is a basic conceptual structure used to address the risks faced by an organisation. The purpose of the risk management framework is to assist an organisation in integrating risk management into its management process so that it becomes a routine activity. The framework is composed of the following five steps:

- Mandate and commitment
- Design framework
- Implement framework
- Monitor framework
- Improve framework.

1.10.5 Risk management policy

A risk management policy sets out how the risks, which have been identified by the risk assessment procedure, will be managed and controlled. The risk management policy assigns responsibility for performing key tasks, establishes accountability with the appropriate managers, defines boundaries and limits and formalises reporting structures. The policy should address specific responsibilities of the board, internal audit, external audit, the risk committee, the corporate governance committee, the central risk function, employees and third party contractors in implementing risk management. A policy statement defines a general commitment, direction or intention. A policy on risk management expresses an organisation's commitment to risk management and clarifies its general direction or intention.

1.10.6 Risk management process

According to International Risk Standard, ISO 31000 (2009), a risk management process is one that systematically applies management policies, procedures, and practices to a set of activities intended to establish the context, communicate and consult with stakeholders, and identify, analyse, evaluate, treat, monitor, and review risk.

1.10.7 Sources of risk

A risk source has the intrinsic potential to give rise to risk. A risk source is where a risk originates. It is where the risk comes from.

Study the section on "Structure" and the diagram showing the ERM structure, par. 1.9 and Figure 1.2 in Chapter 1 of the prescribed book.

ASSESSMENT

(1) Distinguish between risk and uncertainty. Explain the relationship between risk and opportunity for an organisation like South African Airways (SAA).
(2) Discuss the role of the board of directors regarding risk management.
(3) What is ERM?
(4) Draw a fully labelled diagram showing the ERM structure.
(5) Define and explain the terms risk, risk management, risk diversity and risk taking.

SUMMARY

The purpose of Study Unit 1 was to introduce ERM to students by giving an overview of the course. It is important to define ERM from a strategic management perspective to ensure that all risks in an organisation are taken care of. It should be noted that risk is now more complex, diverse and dynamic. Whatever strategy boards adopt, they must decide what opportunities, present and future, they want to pursue and strike a sensible balance between risk and opportunity. Risk management therefore needs to be integrated with the activities of the board. If applied systematically and methodically, the implementation of ERM gives rise to a series of clearly recognised benefits including an increase in shareholder value. The business case for corporate governance is discussed in study unit 2.

Study Unit 2

CORPORATE GOVERNANCE

CONTENTS

AIM

At the end of this unit, you should have a clear understanding of corporate governance in an enterprise-wide risk-related context.

KEY CONCEPTS

Corporate governance
King III Report
The Companies Act, 2008 (Act No 71 of 2008)
Basel III regulation accord
Financial crisis

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define corporate governance.
- Outline the reasons for implementing corporate governance.
- Explain why corporate governance is important in terms of its impact on the business areas of enterprises.
- Discuss the history of corporate governance in South Africa.
- Discuss in detail the relevance of the King III Report to risk management, and
- Discuss the implications of the King III Code of Governance Principles for South Africa.

LEARNING MATERIAL

Study Unit 2 deals with Chapter 2 of the prescribed book.

2.1 INTRODUCTION

Although corporate governance is usually unique to each company, it has a few universal elements. Corporate governance controls the internal and external actions of managers, employees and outside business stakeholders. This framework also outlines the duties, privileges and roles of board members or directors to ensure such individuals do not take advantage of the company's resources. Companies may also include information on the role of shareholders in the organisation and their responsibilities for voting on corporate issues.

Corporate governance usually outlines the goals and objectives of each business contract. The rate of return, length of the contract, individuals who can approve contracts and other obligations are usually included in the corporate governance framework. Corporate governance also creates a system of checks and balances to govern internal business departments. Such system ensures that no one (individual or department) dominates business decisions or operates outside the company's mission and values.

Read the "Introduction" section in Chapter 2 of the prescribed book.

2.2 DEFINITION OF CORPORATE GOVERNANCE

Corporate governance refers to the relationships among the management of an organisation, its board, its shareholders and other relevant stakeholders. It also refers to the specific responsibilities of boards of directors and management to maintain established relationships.

Read the section on "Definition of Corporate Governance" in par. 2.17 in Chapter 2 of the prescribed book.

2.3 THE IMPACT OF CORPORATE GOVERNANCE ON BUSINESS

Corporate governance affects various business areas of an enterprise as discussed below:

2.3.1 Employing assets efficiently

Effective corporate governance promotes the efficient use of resources within a firm and the economy at large. When an efficient corporate governance system is in place, debt, equity and capital flow to enterprises that are capable of investing these resources efficiently in order to produce goods and services that are most in demand and have the highest rate of return. In this regard, effective governance helps to grow and protect scarce resources and to ensure that societal needs are met. Effective governance should make it possible to replace managers who do not put scarce resources to efficient use or who are incompetent in what they do.

2.3.2 Attracting lower-cost capital

Effective corporate governance helps enterprises to attract lower-cost capital by improving the confidence of domestic and international investors and by assuring them that the assets are used in the form agreed upon, whether the investment is in the form of debt or equity. This has a positive impact on both debt and equity. For enterprises to succeed in competitive markets, corporate managers must innovate relentlessly and efficiently, and constantly evolve new strategies to meet changing circumstances.

2.3.3 Meeting social obligations: complying with laws and regulations

To succeed in the long term, enterprises must comply with the laws, regulations and expectations of the societies in which they operate. Most corporations take their corporate citizenship seriously. They contribute to civil societies' needs while some are opportunistic and have no regard for social or environmental issues. Good corporate governance is essential to ensure adherence to legislation as well as corporate social responsibility principles.

2.3.4 Overall performance

If corporate governance is effective, it gives managers a holistic view of the organisation and holds managers and the board accountable for the management of corporate assets. Such accountability contributes to the efficient use of resources, attraction of lower-cost capital and an increase in the responsiveness of the enterprise to society, and will therefore lead to the improvement of corporate performance. Effective corporate governance may not guarantee improved corporate performance at the individual firm level, but it should increase the likelihood of managers focusing on improving the performance of enterprises and of their being replaced when they fail to do so.

2.4 THE HISTORY OF CORPORATE GOVERNANCE IN SOUTH AFRICA

In the last few decades, the term "corporate governance" has become a buzzword throughout the world, and is certainly not new to South Africa. The history of corporate governance in South Africa can be found in three bodies of knowledge, namely the Companies Act, 1973 (Act No 61 of 1973), the King I Report on Corporate Governance of 1994, the King II Report on Corporate Governance of 2002 and the King Code of Governance in South Africa 2009 (King III). We need to look at the history of corporate governance in South Africa to understand the relevance of the King II Report.

2.4.1 The Companies Act, 1973

The Companies Act, 1973 encompassed the following aspects of corporate governance:

- It made provision for the roles, responsibility, accountability, qualification and disqualification of directors.
- It made provision for the liability of directors and shareholders if a company acts unlawfully or in bad faith.
- It specified that the enterprise might not supply the directors, the holding company or subsidiaries with loans.
- It placed limitations on the allocation of share capital to directors.
- It stipulated that directors' shareholding in an enterprise must be declared.
- It placed limitations on the buying and selling of shares by directors within certain periods.

*** Please note that the Companies Act of 1973 has been replaced by the Companies Act of 2008. Please refer to Appendix 1 for an explanation on new Companies Act of 2008.**

2.4.2 The King Report on Corporate Governance of 1994 (King I Report)

With increasing recognition of the importance of corporate governance worldwide in the early 1990s, the Institute of Directors (IoD) in Southern Africa appointed Mervyn King, SC to head the committee on corporate governance. The wider definition of corporate governance was institutionalised by the findings of the committee, together with the aim and purpose of the King I Report, to promote the highest standard of corporate governance in South Africa. The King I Report was unique compared with its counterparts in other countries, with guidelines on financial reporting and its emphasis on good social, ethical and environmental practices. It advocated an integrated approach that took all stakeholders (not only the shareholders) into consideration, for the greater good of society.

2.4.3 The King Report on Corporate Governance of 2002 (King II Report)

After legislative developments, locally and internationally, the 1994 King Report was revised and replaced by the second King Report on Corporate Governance for South Africa, 2002. The King II Report moved away from the single bottom-line principle (i.e. profit for shareholders) to a triple bottom-line principle, which takes into account the environmental, economic and social activities of a company. Besides reporting on their financial performance (single bottom line), corporations must also disclose their social and environmental performances (triple bottom line). This method places greater emphasis on the non-financial indicators. Companies have to report on the nature and extent of commitment to social, transformation, ethical, safety, health and environmental management policies and practices. In a company, this is referred to as the "triple bottom line".

2.4.4 The King Code of Governance in South Africa, 2009 (King III) [1]

King III became necessary because of the anticipated new Companies Act of 2008 that came into effect on 1 May 2011, and changing trends in international governance. The review also came at a time when business ethics and corporate governance are increasingly under the spotlight in view of recent corporate failures and the global economic meltdown. As with King I and II, the King Committee endeavoured to be at the forefront of governance internationally, and this has again been achieved by focusing on the importance of reporting annually on how a company has positively affected the economic life of the community in which it operated during the year under review. In addition, emphasis has been placed on the requirement to report on how the company intends to enhance those positive aspects and eradicate or ameliorate any possible negative impacts on the economic life of the community in which it will operate in the year ahead.

King III recommends that companies generate sustainability reports according to the Global Reporting Initiative's Sustainability Reporting Guidelines. As of June 2010, companies listed on the Johannesburg Securities Exchange (JSE) are expected to comply with King III.

- **The relevance of the King III report to risk management**

– **Consequences**

Placing corporate governance in the spotlight means an automatic increase in the legal, regulatory and reputational risks of an enterprise. Hence, certain legal mechanisms such as the Companies Act 2008 and the JSE's listing requirements are used to enforce the King III Report and the Code of Corporate Practices and Conduct. King III applies to all listed companies on the JSE, banks, financial and insurance institutions and some public sector agencies.

The consequences of corporate governance in the King III Report relate strongly to how effectively companies enforced the King I Report in 1994. Companies with good corporate governance will attract more foreign investments to finance their growth and will therefore be more competitive in the corporate environment. Good corporate governance contributes to shareholders' wealth and is a key factor in the investor decision-making process. Investors are willing to pay a premium for good governance for three reasons.

- They believe that the company will perform better over time, which will mean higher share prices.
- It is a way of reducing risk by either avoiding it altogether or by coping better with adverse events.
- The focus on corporate governance is a trend, but the reality is that no one wants to be left behind.

– **Code of governance principles**

Corporate governance principles and practices are dynamic and evolving. A code of governance, which deals with the principles, should be studied with the report in which recommendations of the best practices for each principle are provided. All entities should apply the principles in the code and consider the best practice recommendations in the report. All entities, by way of explanation, should make a positive statement about how the principles have been applied or have not been applied. Such level of disclosure will allow stakeholders to comment on and challenge the board on the quality of its governance. Application will differ for each entity and is likely to change, as the aspiring nature of the code should drive entities to improve on governance practices constantly. It is important to understand that the "apply or explain" approach requires more consideration and explanation of what has actually been done to implement the principles and best practice recommendations of governance.

Each principle is of equal importance and together forms a holistic approach to governance. Consequently, substantial application of a code of governance principles and a report recommending best practices does not achieve compliance. The following governance of risk principles are addressed in King III:

- Risk management is inseparable from the company's strategic business and business processes.
- Management should be responsible for the risk management process. Management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the company.
- All staff should practise risk management.
- The board should be responsible for the process of risk management.
- The board should approve the company's chosen risk philosophy.
- The board should adopt a documented risk management plan.
- The board may delegate the responsibility of risk management to a dedicated risk committee.
- Risk assessment should be performed on an ongoing basis.
- The board should approve key risk indicators for each risk, as well as tolerance levels.
- Risk identification should be directed in the context of the company's purpose.
- The board should ensure that key risks are quantified and are responded to appropriately.
- Internal audit should provide independent assurance on the risk management process.
- The board should report on the effectiveness of risk management.
- The board should ensure that the company's reputational risk is protected.
- The board should determine the extent to which risks relating to sustainability are addressed and reported on.
- The board should ensure that information technology (IT) is aligned with business objectives and sustainability.
- The board should consider the risk of the unknown as part of the qualitative and quantitative risk assessment process.
- Compliance should form part of the risk management process.

[1] See Appendix 1 to this study guide

2.4.5 The King IV Report on Corporate Governance for South Africa, 2016 (King IV)

On 1 November 2016, the IoDSA released the King IV report on Corporate Governance for South Africa. King IV will replace King III in its entirely and the application of King IV is effective in respect of financial years starting on or after 1 April 2017 (PwC, 2016:2). King IV builds on its predecessors' positioning on sound corporate governance as an essential element of good corporate citizenship (PwC, 2016:2). According to Deloitte (2016:1), King IV provides a more practical, outcome-based approach to good corporate governance and incorporates both global public sentiment and international regulatory changes since the incorporation of King III. The objectives of King IV are the following:

- Promote corporate governance as integral to running an organisation and delivering governance outcomes such as an ethical culture, good performance, effective control and legitimacy.
- Reinforce corporate governance as a holistic and interrelated set of arrangements to be understood and implemented in an integrated manner.
- Broaden the acceptance of the King IV by making it accessible and fit for implementation across a variety of sectors and organisational types.
- Present corporate governance as concerned with not only structure and processes, but also with an ethical consciousness and conduct.
- Encourage transparent and meaningful reporting to stakeholders.
  (IoDSA, 2016:22)

As seen above, King IV has moved away from "apply and explain" to a more outcome-based approach. The new code has reduced the 75 principles in King III to 17 basic principles. For the purpose of this module, the focus will be on principle 11, which explains the governance of risk. As in King III; King IV is still focusing on the governance of risk but the code is now recognising the complexity of risks and the need to strengthen risk oversight (IoDSA, 2016:30). One of the major changes is the recommendation that the risk committee comprises of a majority of non-executive members as part of the governing body. This recommendation goes beyond what was required in King III (IoDSA, 2016:30).

Principle 11 focuses on the governing body's process on how to govern risk in a way that supports the organisation in setting and achieving its strategic objectives (IoDSA, 2016:41). The following are recommended practices for the governance of risks based on King IV:

- The governing body should assume responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation. Risk governance should encompass both:
  - the opportunities and associated risks to be considered when developing strategy; and
  - the potential positive and negative effects of the same risks on the achievement of organisational objectives.
- The governing body should approve policy that articulates and gives effect to its set direction on risk.
- The governing body should treat risk as integral to the way it makes decisions and executes its duties.

- The governing body should evaluate and agree on the nature and extent of the risks that the organisation should be willing to take in pursuit of its strategic objectives. It should approve in particular:
  - the organisation's risk appetite, namely its propensity to take appropriate levels of risk; and
  - the limit of the potential loss that the organisation has the capacity to tolerate.
- The governing body should consider the need to receive periodic independent assurance on the effectiveness of risk management.
- The governing body should exercise ongoing oversight of risk management and, in particular, oversee that it results in the following:
  - An assessment of risks and opportunities emanating from the triple context in which the organisation operates and the capitals that the organisation uses and affects.
  - An assessment of the organisation's dependence on resources and relationships as represented by the various forms of capital.
  - An assessment of the potential upside, or opportunity, presented by risks with potentially negative effects on achieving organisational objectives.
  - The design and implementation of appropriate risk responses.
  - The integration and embedding of risk management in the business activities and culture of the organisation.
  - The establishment and implementation of business continuity arrangements that allow the organisation to operate under conditions of volatility, and to withstand and recover from acute shocks.
- The governing body should delegate to management the responsibility to implement and execute effective risk management.
- The nature and extent of the risks and opportunities the organisation is willing to take should be discussed without compromising sensitive information.
- In addition, the following should be disclosed in relation to risk:
  - An overview of the arrangements for governing and managing risk.
  - Key areas of focus during the reporting period, including objectives, the key risks that the organisation faces, as well as undue, unexpected or unusual risks and risks taken outside of risk tolerance levels.
  - Actions taken to monitor the effectiveness of risk management and how the outcomes were addressed.
  - Planned areas of future focus.

    (IoDSA, 2016: 61 – 62)

Study the section on "King III at a glance", "King IV", Corporate Governance and the new Companies Act of 2008 explained in Appendix 1 at the end of the Study Guide.

2.4.6 The future of corporate governance

The effectiveness of corporate governance is a decisive factor in the very survival or demise of enterprises. For South African enterprises to be globally competitive, they must be kept abreast of developments in the rest of the world and take corporate governance and the King report to heart. Good governance equals good business.

Good corporate governance is largely the responsibility of corporate citizens. For an enterprise to achieve and aspire to be a good corporate citizen, it has to empower the board of directors to:

- Disclose all practices and understand the importance of a relationship between the board and the community;
- Report annually on social, transformation, safety, ethics, health and environmental management policies and practices;
- Report on their HIV/Aids strategic plans and policies;
- Disclose its formal procurement policies;
- Develop and implement a clearly stated code of ethics, and
- Implement the above by complying with the principles of reliability, relevance, clarity, comparability, time lines and verifiability.

Risk management is applied by defining a company's risk tolerance, related strategies and policies as well as reviewing their effectiveness on an ongoing basis so that the objectives are clearly defined. Reviewing processes are important for identifying opportunity areas where effective management can be turned into competitive advantages. Risk management goes far beyond simply controlling financial risks. The reputation and future survival of an enterprise are also at stake - that is why enterprises have to ensure that corporate governance pertaining to risk management is transparent and disclosed to all stakeholders.

SELF ASSESSMENT

(1) Define corporate governance and discuss its impact on businesses.
(2) Discuss, giving examples, why the implementation of corporate governance has become a requirement for businesses in South Africa and globally.
(3) Briefly discuss the history of corporate governance in South Africa.
(4) Discuss the principles of good corporate governance as identified by the King III Report.

SUMMARY

Study Unit 2 examined corporate governance and the implications of the principles contained in the King III and King IV Reports. The next topic deals with the seven core risk management stages in the risk management process for the implementation of ERM in a business.

TOPIC 2

ENTERPRISE RISK MANAGEMENT

AIM

At the end of this topic, you will be able to identify and describe the seven risk management stages in the ERM process for the implementation of ERM in a business.

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Identify and describe the ERM process for all seven stages;
- Outline and discuss the process mechanisms in the ERM process for all seven stages;
- Outline and explain the ERM process activities for all seven stages, and
- Explain the concepts of establishing the context, risk identification, risk analysis, risk evaluation, risk treatment, review and monitor, communications and consultation.

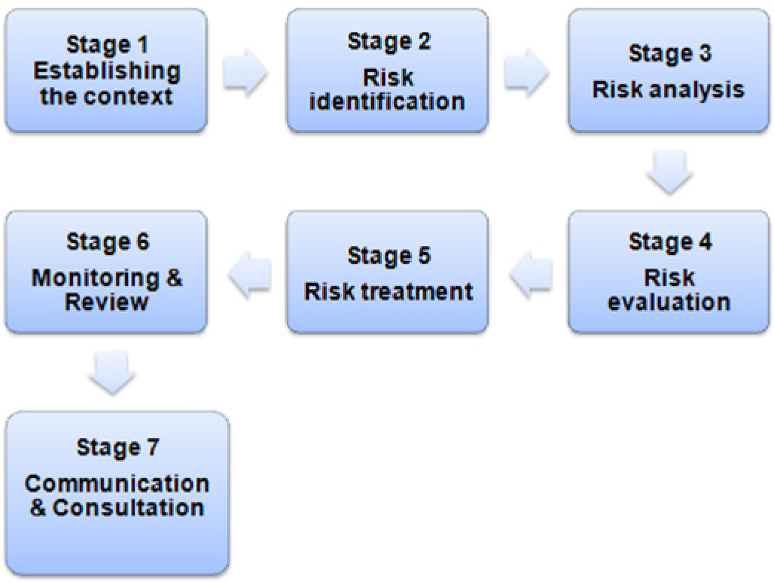
TOPIC CONTENT

Study Unit 3: ERM – Establishing the context
Study unit 4: The ERM Process

OVERVIEW

In this topic, we will discuss the seven stages (See Figure 1 below) in the ERM process. According to ISO 31000, as discussed in Topic 1 (par. 1.10.6), ERM is one that systematically applies management policies, procedures, and practices to a set of activities intended to establish the context, communicate and consult with stakeholders, and identify, analyse, evaluate, treat, monitor, and review risk. Each of these stages will be discussed in detail to get a clear understanding on how the entire ERM process works in a business context.

Figure 1: ERM process



Study Unit 3

ERM; ESTABLISHING THE CONTEXT

CONTENTS

AIM

At the end of this unit, you will be able to identify and discuss Stage 1 of the ERM process. Establishing the context will assist you in gaining an understanding of the background to the business and business activities, processes or projects.

KEY CONCEPTS

SWOT analysis [2]
PEST analysis [3]
Business plan
Financial statements ratios

LEARNING OUTCOMES

After studying this topic, you should be able to:

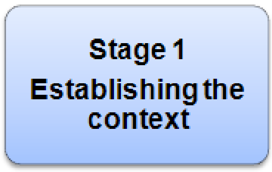
- Identify and explain the business process for establishing the context;
- Discuss the four process mechanisms for establishing the business context, and;
- Identify and discuss the process activities.

LEARNING MATERIAL

Study Unit 3 deals with Chapter 8 of the prescribed book. This section will discuss Stage 1 of the ERM process.

2. SWOT is an acronym for strengths, weakness, opportunities and threats
3. PEST is a acronym for political, economic, social and technological

Figure 2: Stage 1



3.1 ESTABLISHING THE CONTEXT: STAGE 1

Stage 1 of the ERM process is establishing the context. It will form the foundation for all the other stages in the ERM process. Establishing the context will deal with the business as a whole as well as the business activities, processes and projects. This stage is used to acquire accurate data and information about the whole business. Refer to par. 8.1 to 8.3 of the prescribed book.

Read the section on "Process Inputs" and "Process Outputs" par. 8.4 - 8.5 in the prescribed book.

The ERM process can be regulated or be constrained by the culture of business risk management, resources and plan. It is very important for a business to take note of the factors that can have an impact on the risk management process.

Study the section on the "Process Controls (Constraints)" par. 8.6 in Chapter 8 of the prescribed book.

3.2 PROCESS MECHANISMS

Certain process mechanisms are used in the first stage to obtain information on the business. They are financial analysis tools, risk management process diagnostic, SWOT analysis and PEST analysis.

3.2.1 Financial analysis tools (ratios)

Financial ratios are used to look at the financial position and performance of a business. These ratios are used for planning, evaluation and control purposes, to determine the financial standing of a business and to aid in the risk analysis process.

3.2.2 Risk management process diagnostic

Some difficulties can be experienced when risk management processes need to be implemented in a business. A risk management process must be implemented through the support of the whole business and over an extended period. Risk management processes that have already been put in place must constantly be reviewed to establish the effectiveness of the processes in the business.

3.2.3 SWOT analysis

The overall performance of a business must be reviewed by looking at the business "strengths, weaknesses, opportunities and threats" also known as the SWOT analysis.

3.2.4 PEST analysis

The growth of the business is also an aspect to analyse when looking at the business in its full context. The PEST analysis, which stands for "political, economic, social and technology factors", can be used to look at the market, in which the business operates.

Study the section on "Process Mechanisms (Enablers)" par. 8.7 in Chapter 8 of the prescribed book.

3.3 RISK STUDY PROCESS ACTIVITES

Certain activities need to be undertaken to construct a high-level process map of the business activities or risk breakdown structure to aid in the other stages of the risk management process. These activities are discussed below.

3.3.1 Clarifying and recording the business objectives

The business objectives will be the criteria against which the business strategy's success will be measured.

3.3.2 Understanding the business plan

The business plan should show how the business would achieve its objectives by looking at all the factors that might have an impact on the business.

3.3.3 Examining the industry in which the business operates

It is important to understand that a business can have a very active competitive market in which it operates. A business must know its industry and the risks associated with that specific industry.

3.3.4 Establishing the business processes

A process map is used as a communication tool to assist businesses in better understanding the processes by which it operates. Refer to the business process definition in par. 8.8.4 of the prescribed book.

3.3.5 Evaluate the projected financial statements

It is important to understand the financial statements of the business because the statements will show the financial position of the business as well as the future position. It will indicate what resources need to be put in place to have a sound financial position and growth in the business.

3.3.6 Resources available

A business must use its resources to the most competitive advantage in the market. If resources are used effectively, the business can achieve a greater return on its capital employed.

3.3.7 Change management

A business must understand that change is unavoidable and that the business must appropriately change processes to achieve the best possible solution.

3.3.8 Marketing plan of the business

One of the dissolving factors in a business is its competitors. A competitor analysis needs to be conducted to determine the business' competitive advantage in the industry/market. It is necessary for a business to be able to react to its competitor at a faster rate due to the wide variety of information flows and technology used in marketing techniques.

3.3.9 The compliance system

The regulatory framework in which a business operates must be embedded in the business operations. The business must also comply with the regulatory framework.

Study the section on "Process Activities" par. 8.8 in Chapter 8 of the prescribed book.

SELF ASSESSMENT

(1) Discuss the SWOT and PEST analysis.
(2) List the three questions that need to be asked to understand the risks the business is facing within an industry.

(3) *List the elements of a competitor analysis.*

SUMMARY

The purpose of Study Unit 3 was to discuss Stage 1: Establishing the context in the ERM process. It gave a high-level overview of what factors need to be considered and evaluated in a business before starting with the other stages in the ERM process. Stage 1 will assist in determining the sources of risks and the participants in the risk identification process. The second stage: risk identification in the ERM process will be discussed in the next study unit.

Study Unit 4

THE ERM PROCESS

CONTENTS

AIM

At the end of this unit, you will be able to explain stages two to seven of the ERM process. A clear understanding will be gained on the interrelationships between the different stages in the implementation of the ERM process.

KEY CONCEPTS

Capital asset pricing model (CAPM) analysis
Communication
Gap analysis
Net present value
Probability
Risk appetite
Risk register
Risk retention
Scenario analysis

LEARNING OUTCOMES

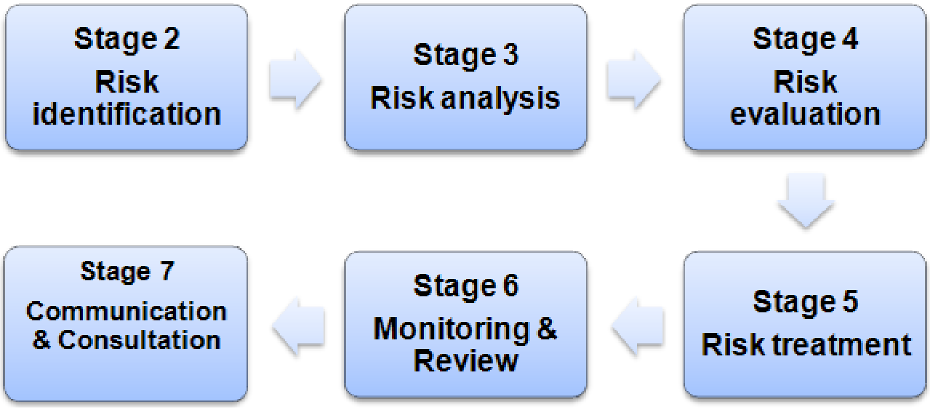
After studying this topic, you should be able to:

- Identify and describe the ERM process for all six stages;
- Outline and discuss the process mechanisms in the ERM process for all six stages;
- Outline and explain the ERM process activities for all six stages;
- Explain the concepts of risk identification, risk analysis, risk evaluation, review and monitor, communications and consultation, risk appetite, risk response strategies, internal and external communication, and
- Distinguish between key risk indicators and key performance indicators.

LEARNING MATERIAL

Study Unit 4 deals with Chapters 9 - 14 of the prescribed book. Each section will discuss the remaining six stages (Stages 2 to 7) in the ERM process.

Figure 3: Stages 2 to 7



4.1 RISK IDENTIFICATION: STAGE 2

Risk identification is a crucial step in the ERM process. As discussed in Study Unit 3, it is important for a business to understand the business activities and context. In the second stage, it is important to be able to identify the risks in the business and understand how they fit into the overall business context.

Through risk identification, the business will be able to identify the key risks and risk events associated with the business. The business will constantly change and grow as well as the risks associated with the business. The business will need to indentify risks on a constant basis and identify the opportunities that may arise in order to enhance its objectives as well as risks that may reduce the likelihood of the business achieving its objectives. Risk can also be based on two main outcomes namely the upside and downside of risk. Refer to par. 9.1 to 9.3 in the prescribed book.

Read the sections on “Process Inputs” and “Process Outputs” par. 9.4 - 9.5 in the prescribed book.

The process inputs will deal with assumptions, business analysis, uncertain events, lessons learnt and issues regarding the risk identification process. The process output will be the risk register. A risk register is a tool that can be used by a business to compile a list of all the risks identified in the business and categorise the risk according to the impact, probability, risk owner and counter measures.

Refer to par. 9.6 in the prescribed book regarding all the factors that can have an impact or constraint on the risk identification process.

4.1.1 Process Mechanisms for Stage 2: Risk Identification

Certain process mechanisms are used in the second stage to identify risks in the business. The following section will briefly explain some of these mechanisms to give you an indication of how the risk identification process could be approached:

- **Risk checklist**

  A risk checklist is used to list all the risks that were identified on previous projects within the business.

- **Risk prompt list**

  A risk prompt list can be seen as a list that categorise each risk into a type or area. Through this list, the business will be able to identify the main categories of risks experienced within the business.

- **Gap analysis**

  A Gap analysis can be used to identify the main risks linked to a certain activity or project of the business. The method will assist the business to establish where the gap is in the risk associated within the activity/project so that pro-active or reactive risk measures can be established.

- **Risk taxonomy**

  Risk taxonomy can be explained as a structured checklist to break down the risks and opportunities into manageable components, which then can be aggregated for exposure measurement, reporting and management. This method is used in the risk taxonomy of software development. Refer to Table 9.1 in chapter 9 of the prescribed book.

- **PEST analysis**

  The business can also use the PEST analysis method in the identification stage to identify the risk exposure of the business to its external environment. The business can conduct this analysis in a workshop or brainstorming session.

- **SWOT analysis**

  A SWOT analysis is a very easy and understandable method for a business to identify the risks and opportunities in the business.

- **Database**

  A risk database can be used to capture all the information of each risk identified in the business and is an effective way to monitor all the risks and actions used in the management of all the identified risks.

- **Business risk breakdown structure**

  A breakdown structure for business risk is used to identify all the sources of risk within projects and activities in the business.

- **Risk questionnaire**

  A risk questionnaire is used when a business needs to establish the concerns and risks that arise in a business project/activity through the various stages. The completion of the questionnaire will show how the business employees respond to risk.

- **Risk register**

  A risk register is used to capture information on a constant basis and to simplify communication regarding the risks in a business project/activity. Refer to Table 9.2 in chapter 9 of the prescribed book.

Study the section on "Process Mechanisms (Enablers)" par. 9.7 in Chapter 9 of the prescribed book.

4.1.2 Process activities for Stage 2: Risk Identification

In the risk identification process, the activities required are the tasks that are necessary to capture risk, uncertainty, and record the risks in a log, list or risk register. The following activities need to be conducted:

- **Clarifying the business objectives**

  The objectives of the business must be clear and understandable so that the risk identification process will be able to identify the threats or opportunities that may arise from the business objectives.

- **Reviewing the business analysis**

  The business activities (as described in Study Unit 3) which have been identified in Stage 1: Establishing the context of the risk management process must be reviewed and examined for sources of risk and opportunities.

- **Need for risk and opportunity identification**

  It is essential for a business to understand the need to identify risks. A structured method of risk identification must be implemented so that consistent risk management can take place.

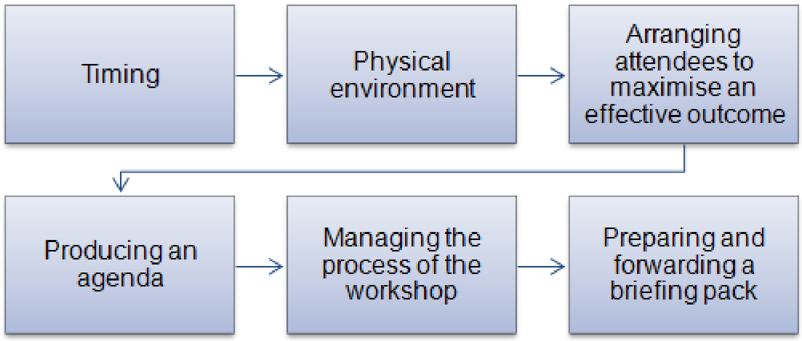
- **Risk and opportunity identification**

  For the risk and opportunity identification process to be effective, all the stakeholders must support it.

- **Facilitation**

  It is important to have techniques that can be used to best identify the risks and opportunities to suit every circumstance. Facilitation needs to be conducted through interactive workshops to inform the business on how to identify the risks. Thus, the responsibilities for a facilitator in an interactive workshop are as depicted in Figure 4 below.

Figure 4: Facilitator responsibilities



A facilitator can adopt one of the following seven techniques in an interactive workshop:

* Brainstorming
* Structured or Semi-Structured Interviews
* Nominal Group Technique
* Scenario Analysis
* Delphi Technique
* Cross Impact Method
* Systems Dynamics
* Risk Meta-language
* Implementation

- **Gaining a Consensus on the Risks, the Opportunities and their Interdependencies**

  To have a consensus on the risks and opportunities is essential so that the business can assign risks to risk owners and managers in the risk management process.

- **Risk Register**

  A risk register will be drafted after all the process activities have been conducted. The risk register can be used as a proactive tool in the risk identification process.

Study the section on "Process Activities" par. 9.8 in Chapter 9 of the prescribed book.

SUMMARY (STAGE 2)

The risk identification process can thus be implemented for identfying risks and opportunities that may arise in the business. If a business is not able to identify a risk, the business will not be able to manage the risk. As decribed above, Stage 2 will form the foundation for the rest of the other five stages to follow. The next section will discuss Stage 3: Risk Analysis.

4.2 RISK ANALYSIS: STAGE 3

The risk analysis stage will provide information on the likelihood of risks and opportunities occurring and the impact of them to aid in the decision making process. The risk analysis process will assess all the risks identified in the risk register. Ample time should be allowed for conducting the risk analysis stage. Refer to par. 10.1 to 10.3 of the prescribed book.

Read the sections on "Process Inputs" and "Process Outputs" par. 10.4 - 10.5 in the prescribed book.

The process inputs in the risk analysis process will consist of risk study parameters, which include risk identification, risk recording, profit and loss account assessment, balance sheet assessment and industry betas.[4] The process outputs will be the risk register including the assessment, which shows the probability and impact of each risk and opportunity.

Refer to par. 10.6 read in conjunction with par. 8.6 of the prescribed book regarding all the factors having an impact or constraint on the risk analysis process.

4.2.1 Process Mechanisms for Stage 3: Risk Analysis

Probability is the main process mechanism used in the risk analysis's process. Probability is shown on a scale of 0 to 1. If there is no chance of an event occurring, the probability will be 0, and if there is a chance of the event occurring, the probability will be 1. Refer to Table 1 for an example of probability.

4. Beta is used to measure the non-diversifiable risk element for a particular share in relation to the market as a whole

Table 1: Probability example

When one flips a coin, it can land either heads up or tails up. Thus, there is a 50% chance of either of the positions occurring - a 0.5 probability chance of landing heads up and a 0.5 probability chance of landing tails up because the probability should add up to 1.

It is important for a business to understand probability. For example, a business can apply to be considered for a contract appointment to render a service to another organisation. The particular business is one of four businesses who tendered for the contract. Thus, each business has a probability of 25% of success in obtaining the contract. A business will need to decide which probability distribution method and probability impact matrix to use in the risk analysis stage. Refer to the example under Par. 10.7.1.

Study the section on "Process Mechanisms (Enablers)" par. 10.7 in Chapter 10 of the prescribed book.

4.2.2 Process activities for Stage 3: Risk Analysis

In the risk analysis process the activities that need to take place are the tasks that are necessary to capture the likelihood of the risk occurring and the impact so that it can be recorded in the risk register. The following activities need to be conducted:

- **Causal analysis**

  The causes of any risk must be identified. It is important for the business to learn from past events to implement risk management measures for future events. Refer to Figure 10.4 in the prescribed book for the main causes of event diagram, which identify the relationships, and categories of risks.

- **Decision analysis and influence diagrams**

  Decision analysis is used to structure decisions, uncertain/chance events and values of outcomes. The influence diagram can be used to assist in the development and understanding of the risks and the actions to be taken in the decision making process. Such analysis will provide a framework for the decisions, events, managing of problems, reducing large volumes of data and sensitivity analysis in the business. Refer to Figures 10.5 and 10.6 in the prescribed book.

- **Pareto analysis**

  Pareto [5] analysis is used to identify those risks that will have a dramatic impact on business projects/activities and objectives. Such analysis will rank and order the risks according to their impact so that the business can manage the high risks accordingly.

5. "Commonly Parento diagrams"

- **Capital asset pricing model (CAPM) analysis**

  The CAPM model is used to determine the expected return of an asset in relation to its risk or risk profile. The higher the risk, the higher the return will be for an investment. Market risk is measured by its beta in the CAPM model. Refer to the section "Required Rates of Return" in par. 10.8.4 of the prescribed book.

- **Define risk evaluation categories and values**

  It is important to conduct qualitative and quantitative assessments in the risk analysis process. Qualitative assessments explain the impact of the risks, whereas quantitative assessment will consist of numeric assessments, which can involve financial and timing risks. It is best to manage the most severe risks that the business has identified.

Study the section on "Process Activities" par. 10.8 in Chapter 10 of the prescribed book.

SUMMARY (STAGE 3)

Stage 3 examined risk analysis and the assignment of probabilities and impacts to risks and opportunities. It is essential that all the information obtained in the analysis of all the risks and opportunities in this stage be recorded in the risk register. The next section will discuss Stage 4: Risk Evaluation.

4.3 RISK EVALUATION: STAGE 4

The risk evaluation stage will evaluate the results obtained in the risk analysis stage. Stage 4 will focus on both the risk exposure and opportunity that may arise from a business activity. All the information gathered in the risk analysis process is integrated into the risk evaluation process. The risk evaluation stage will evaluate the financial impact (loss or gain) of a risk in a business in numerical terms. Refer to par. 11.1 to 11.3 in the prescribed book.

Read the sections on "Process Inputs" and "Process Outputs" par. 11.4 - 11.5 in the prescribed book.

The process input in the risk evaluation process will consist of the risk register. The risk register will now illustrate all the risks and risk categories in the business as well as important information such as who the relative risk owner/manager is. The risk register will have more background information, which can be used in the risk evaluation stage. The process outputs will consist of the following:

- Sensitive analysis.
- Quantitative schedule and cost risk analysis results.
- Decision tree.
- Scenario modelling.
- Investment model results.
- Revised risk register.

Refer to par. 11.6 in the prescribed book regarding all the factors that can have an impact or constraint on the risk evaluation process.

4.3.1 Process Mechanisms for Stage 4: Risk Evaluation

This section will briefly explain the process mechanism used in the risk evaluation process.

- **Probability trees**

  A probability tree is a method used by a business to ensure that all possible outcomes of a risk event have been taken into account. A probability distribution is a list of possible outcomes with associated probabilities. Thus, a probability tree will illustrate all possible probability distributions for a certain risk event. A probability tree can be used to illustrate both a dependent event and an independent event. The probability of any event (E) is a number between 0 and 1. Thus, $0 \leq P(E) \leq 1$ [6] and is the sum of the probabilities of any set of mutually exclusive (only one event can occur at a time) and non-mutually exclusive (the events cover all possible outcomes) events which equals 1. Read par. 11.7.1 to get an understanding on how a probability tree can be used to calculate the probabilities that may arise from an independent and a dependent event.

- **Expected monetary value (EMV)**

  In some cases, the decision outcome of an event can have more than one outcome. In such an event, the EMV will be calculated by using the weighted outcomes, which is calculated using the probabilities assigned to each outcome, for example, successes/profit and failures/losses. The theory requires that the probabilities and outcomes be determined. The EMV will be used to select the decision alternative with the highest monetary value. Read par. 11.7.2 and understand the examples given to illustrate how the EMV is calculated.

- **Utility theory and functions**

  The utility theory is used when an alternative decision does not necessary reflect relative attractiveness to a decision maker. In the EMV method, the decision alternative was chosen which yielded the largest monetary value, but such decision might not be the most preferred decision for the business. The utility theory was adapted in an attempt to explain why people make decisions differently than suggested by the EMV criterion. It can be considered that business decision makers can each have a different attitude towards certain outcomes. The utility theory will thus measure

6. "p" represents the population of events

personal attitudes towards risk by decision makers. The utility function illustrates how the same monetary payoff/outcome might have different levels of utility for decisions makers. Decision makers can be classified under the following attitudes towards risks (Refer to Table 2):

Table 2: Risk attitudes [7]

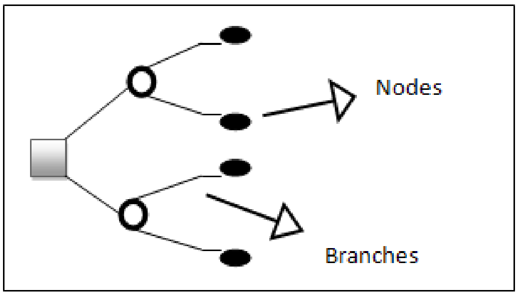
Risk neutral	The attitude towards risk that requires no changes in the risk/reward balance return for an increase in risk. Tend to use the EMV method with the highest monetary value.
Risk averse	The attitude towards risk that requires an increase in the return for an increase in the risk.
Risk seeking	The attitude towards risk whereby a decreased return would be accepted for an increase in risk.

Read par. 11.7.3 in the prescribed book and refer to Figure 11.5 on p.205 for an illustration on the utility function.

- **Decision trees**

A decision tree is used to illustrate decision problems graphically. A decision tree consists of different decision nodes, with interconnected branches, which represent the different alternatives for a particular decision. Figure 5 depicts the typical layout of a decision tree.

Figure 5: Decision tree illustrated graphically



The decision tree is used to determine the decision with the largest EMV.

Read par. 11.7.4 in the prescribed book to understand the construction and rolling back of a decision tree.

7. Source: Operational Risk Management (Young, 2009:29)

- **Markov chain**

  The Markov chain method is used to combine the ideas of probability with those of matrix algebra. It assumes that the probabilities remain fixed over time but the system being used is able to change from one position to another. These fixed variables will be used as transition possibilities.

- **Investment appraisal**

  The investment appraisal method is used when a business needs to decide which project to embark on. Such projects are usually high capital investment projects and it is thus required by the business to decide which project will be feasible, affordable and successful. The business must consider the risks as well as the benefits of each project. Four techniques can be used by the business to decide which project to embark on. Please refer to these techniques in Table 3 below.

Table 3: Investment appraisal techniques [8]

Technique	Description
1. Average rate of return (ARR)	The ARR is an average annual return expressed as a percentage of initial cost of the project.
2. Payback period (PP)	The number of years required to recover an initial investment. It considers the timing of cash flows and therefore the time value of money, thus the payback period should be as short as possible.
3. Net present value (NPV)	The difference between the initial investment amount and the present value of a project's expected future cash flows, discounted at the appropriate cost of capital. The NPV is a direct measure of the value a project creates for a company's shareholders. It is thus an investment decision rule that states that an investment should be undertaken if its NPV is positive but not undertaken if it is negative.
4. Internal rate of return (IRR)	The discount rate that makes NPV equal to 0 or the discount rate that makes the present value of an investment costs equal to the present value of the investments benefits. The IRR rule is an investment decision rule that accepts projects or investments from which the IRR is greater that the opportunity cost of capital.

Read par. 11.7.6 of the prescribed book and the examples given to understand how a business can use certain techniques to decide which project to accept.

Study the section on "Process Mechanisms (Enablers)" par. 11.7 in Chapter 11 of the prescribed book.

8. Principles of Managerial Finance (Gitman, 2010:382-396)

4.3.2 Process activities for Stage 4: Risk Evaluation

In the risk evaluation process, the following activities can be conducted:

- **Basic concepts of probability**

  Refer to par.11.8.1 of the prescribed book to understand the basic principles of probability, which can be used by a business to measure, expected outcomes for mutually exclusive and non-mutually exclusive events.

- **Sensitivity analysis**

  The sensitivity analysis method can be used by a business to assess how sensitive the project outcomes are to changes in the business. The method uses one variable and examines the effect of that specific variable on the project.

- **Scenario analysis**

  Scenario analysis is a useful decision making method to focus on the consequences of the combinations of events that would have been ignored by the business because it was regarded as an event that has never happened or is very unlikely to happen. The business can draw up different views (optimistic and pessimistic scenarios) of an event to get a feel of the "upside" potential and "downside" risk, which can be associated with a project.

- **Simulation**

  Simulation is a method used to analyse financial or time models, where the variables may be uncertain, for example costs, duration, opportunities or risks. Simulation can only be used when a business has statistical software or commercially available spreadsheets.

- **Monte Carlo simulation**

  The Monte Carlo simulation is a method used by a business to evaluate the effect of uncertainty on a planned activity in a range of situations and uses random numbers to sample from a probability distribution. A business can use this method to evaluate duration, demand or throughput and costs. Refer to par. 11.8.5 of the prescribed book to understand how Monte Carlo simulation, percentiles and correlations work, as well as the benefits of the Monte Carlo simulation method.

- **Latin hypercube sampling**

  This sampling method is used to re-create the probability distributions specified by distribution functions accurately and is a more modern technology method than the Monte Carlo simulation method.

- **Probability distributions defined from expert opinion**

  Some risk analysis models involve subjective estimates and thus further information needs to be gathered by the business to get a better understanding of the analysis.

Study the section on “Process Activities” par. 11.8 in Chapter 11 of the prescribed book.

SUMMARY (STAGE 4)

The risk evaluation stage is essential as it assists the business to understand the combined effect of a group of risks and opportunities. This stage will assist the business in its decision making process. Risk evaluation is the only option available to the business for assessing the organisation's exposure to risks and opportunities and it must be implemented properly. The next section will discuss Stage 5: Risk Treatment.

4.4 RISK TREATMENT: STAGE 5

The risk treatment stage will assist the business to design a specific action plan and produce strategic responses to address the risks and opportunities indentified in the business to secure business objectives. This stage is vital in the risk management process because the risk strategy responses and action plan must be prepared and implemented effectively into the business. Refer to par. 12.1 to 12.3 in the prescribed book.

Read the section on “Process Inputs and Outputs” par. 12.4 - 12.5 in the prescribed book.

The process inputs in the risk treatment process will be the risk register, industry betas and a description of the business risk appetite, and details of existing insurance policies. The process outputs will be the risk response (i.e. remove, reduce or transfer) actions.

Refer to par. 12.6 in the prescribed book regarding all the factors that can have an impact or constraint on the risk treatment process.

4.4.1 Process Mechanisms for Stage 5: Risk Treatment

This section will briefly explain the process mechanisms used in the risk treatment process.

- **Resolution strategy**

  The resolution strategy is a technique used by a business to respond to a particular recurring risk.

- **Risk response flow chart**

  A risk response flow chart is used to illustrate the decision options used to arrive at a risk response category. The chart will assist decision makers in a business to determine whether it is more appropriate to transfer a risk than to remove it. Refer to par. 12.7 in Chapter 12 of the prescribed book.

4.4.2 Process activities for Stage 5: Risk Treatment

The process activities in the risk treatment stage assist in transforming the prioritised list of risks in the business into a concrete plan of action for risk resolution. It is important to understand the activities that need to be implemented to design an effective risk action plan.

Study the section on "Process Activities" par. 12.8 in Chapter 12 of the prescribed book.

4.4.3 Risk appetite

Risk appetite can also be referred to as risk attitude, tolerance, preference or capacity. The definition for risk appetite is the amount of risk a business is prepared to tolerate (be exposed to) at any point in time. A business risk appetite can vary according to its objectives, culture, environment, perceived financial exposure to certain risks and risk attitudes (risk neutral, seeking and averse). It is very important for a business to determine its risk appetite/tolerance and inform its senior managers about the business risk culture in which it operates. Senior managers must assist the board in implementing decisions on projects within business risk tolerance levels.

Study the section on "Risk Appetite" par. 12.9 in Chapter 12 of the prescribed book.

4.4.4 Risk response strategies

The following risk response strategies can be used by a business in the risk treatment stage:

- **Risk reduction**

  Risk reduction can also be reffered to as treatment or mitigation. Risk reduction can be seen as risk diversification (reduction of risks by distribution) for example, where a business invests in multiple stocks to reduce risk and the impact of the risk. Two approaches to reduce risk can be folllowed namely:

- reducing the likelihood of a risk occuring, and;
- limiting the loss should the risk materialise.

Methods used to reduce the likelihood of occurence or impact of risk by a business is protection, controls, maintenance and risk spreading.

- **Risk removal**

  Risk removal can also be referred to as avoidance, elimination, exclusion and termination. Risk removal is used to eliminate a risk when a negative outcome/impact or high-risk exposure is anticipated. For example, doing business with a country that has polictical uncertainty may be too risky to make the opportunity worthwhile (a potential for loss has been eliminated). When a business wants to remove risk, factors such as opportunity, business objectives and costs involved must be considered. All three of these concepts must be taken into regard. For example, when a business decides not to introduce a new product or ending the production of an existing product and ceasing operations that have been carried out in the past.

- **Risk reassignment or transfer**

  Risk reassignment is the strategy used to transfer risk to another entity, business or organisation. Businesses can use contracts and financial agreements to transfer risk to a third party. Risk transfer does not reduce the severity of the risk but does increase the impact of the risk. The most common method of risk transfer is insurance. For example the financial consequences of the loss is transferred to the insurance company. When a business transfers risk the business must consider the objectives of the parties, ability to manage the risk, risk context and cost effectiveness of the transfer.

- **Risk retention**

  Risk retention is aslo reffered to as acceptance, absorption or tolerance. A business can be in the position to only be able to accept the risk as the alternative methods, for example risk removal, reduction and transfer are not available; or it can be more economical to the business to accept the risk. In the risk retention strategy the options available, timing and the ability to absorb the risk must be considered.

Study the section on "Risk Response Strategies" par. 12.10 in Chapter 12 of the prescribed book.

SUMMARY (STAGE 5)

The business environment is forever changing. It is thus imporant for a business to have effective risk response strategies in place to manage the risks within reasonable limits. The next section will discuss Stage 6: Monitoring and Review.

4.5 MONITORING AND REVIEW: STAGE 6

The risk monitoring and review stage is a key stage in the ERM process. It may become necessary for a business to review all the previous stages in the risk management process because new information became available or circumstances changed in the business. The monitoring and review stage must be carried out in order to increase the success of the implementation of the entire ERM process. Refer to par. 13.1 to 13.3 of the prescribed book.

Read the sections on "Process Inputs" and "Process Outputs" par. 13.4 - 13.5 in the prescribed book.

The process input in the risk monitoring and review stages will be the risk register, where the business can go back to and review all the risks in the register. The process outputs will be regular updates of the risk register and reports on the effectiveness of the risk response actions.

Refer to par. 13.6 of the prescribed book regarding all the factors that can have an impact or constraint on the risk monitoring and review process.

4.5.1 Process Mechanisms for Stage 6: Monitoring and Review

Two primary mechanisms that can be used in this stage, namely meeting agendas and pro formas. (Refer par. 13.7 in the prescribed book).

4.5.2 Process activities for Stage 6: Monitoring and Review

In the risk monitoring and review process the activities that need to take place are the tasks that are necessary to ensure that this stage is managed proactively which executes responses, monitors effectiveness and then intervenes to implement corrective action. The following activities need to be conducted:

- **Executing**

  All the actions planned in the risk treatment stage to respond to risks and opportunities must be effectively executed by the business.

- **Monitoring**

  When executing action plans, it is vital to monitor progress to differentiate the movement in risk exposure. Monitoring is the collection of information on the risk for later use. The monitoring process must identify the successes achieved in the planned responses to the risks and opportunities and be able to identify the changes in the business environment, which might lead to new emerging risks. Thus, the monitoring and review processes implemented by the business can improve business knowledge on the lessons learned to improve the future ERM process.

- **Controlling**

  The controlling process is based on the information gathered in the monitoring process to form decision-making. It means the business must understand who needs what information for what purpose and when. To give a manager control, the control activities must adhere to the following seven specifications:

  - Control is a principle of economy.
  - Controls must be meaningful.
  - Controls have to be appropriate to the character and nature of the phenomenon measured.
  - Measurements have to be congruent with the events measured.
  - Controls have to be timely.
  - Controls need to be simple.
  - Controls must be operational.

Study the section on "Process Activities" par. 13.8 in Chapter 13 of the prescribed book.

SUMMARY (STAGE 6)

Stage 6 will assist a business to manage the implementation of responses to identified risks and opportunities pro-actively. It is essential for a business to effectively monitor and control the identified risk response strategies. The risk response strategies must be simple and understood by the employees who are responsible for carrying them out. The next section will discuss the last stage in the ERM process.

4.6 COMMUNICATION AND CONSULTATION: STAGE 7

The risk communication and consultation stage will be used across all the other ERM process stages. It is essential for a business to understand how effectively the process outputs of each stage is communicated and understood by decision makers. Refer to par. 14.1 to 14.3 of the prescribed book.

Read the sections on "Process Inputs" and "Process Outputs" par. 14.4 - 14.5 in the prescribed book.

The process inputs in the risk communication and consultation process will consist of the risk register, risk responses, response progress, early warning indicators and Key Performance Indicators (KPI's). The process outputs will be the risk reports, press releases, internal e-mails, company internet site, internal newsletters and posters. Refer to par. 14.6 of the prescribed book regarding all the factors that can have an impact or constraint on the risk communication and consultation process.

4.6.1 Process Mechanisms for Stage 7: Communication and Consultation

Three primary mechanisms that can be used in this stage. They are as follows:

- Generic communication and consultation plan
- Templates for posters and newsletters
- Project database

Read par. 14.7 of the prescribed book.

4.6.2 Process activities for Stage 7: Communication and Consultation

In the risk communication and consultation process, the activities that need to take place are the tasks that are necessary to ensure that the overall risk management process is effective. Refer to par. 14.8 of the prescribed book.

4.6.3 Internal communication

A business must ensure that it effectively implements an internal communication and reporting process/system to increase accountability and ownership of risk and opportunity management. Refer to par. 14.9 of the prescribed book to understand the different communication processes to implement.

4.6.4 External communication

A business must also ensure that it effectively implements an external communication and reporting process/system so that it will be able to deliver open and honest information on the risks faced in the business and how the business responds to such risks. Refer to par. 14.10 of the prescribed book to understand the different processes to implement.

Study the sections on "Internal Communication" and "External Communication" par. 14.9 - 14.10 in Chapter 14 of the prescribed book.

4.6.5 Key risk indicators vs key performance indicators

A business must clearly distinguish between key risk indicators (KRI) and key performance indicators (KPI).

- **KRI's**

  KRI's refer to captured information that provides useful views of underlying risk profiles at various levels to assist desision makers within a business. The following can be seen as the four types of KRI's:

- Inherent or exposure risk indicators.
- Control risk indicators.
- Composite indicators.
- Model risk factors.

- **KPI's**

  KPI's refer to high level snapshots of the health and performance of a business based on specific predefined measures for example statistical information on the business. The following can be seen as seven types of KPI's:

  - Statutory KPI's, such as GAAP or legal regulatory requirements.
  - Profitability per business unit/product/customer.
  - Exception reporting.
  - Employee performance, such as assets under management or profit per customer.
  - Competitiveness, such as market share.
  - Cost management, such as return on assets (ROA) on IT or new delivering channel monitoring.
  - Credit management, such as time to settlement or credit exposure.

SUMMARY (STAGE 7)

Risk communication and consultation form a link with all the other stages in the ERM process. The business risk management process must be effectively communicated to all levels of employees in the business. This step is vitally important because every employee may be involved in an activity that might have a direct impact on the ERM process and if the employee does not understand the risk management culture in which the business functions it can have disastrous consequences.

SELF ASSESSMENT

(1) Discuss the importance of risk identification in the ERM process.
(2) Facilitation is an important process to use in the risk identification stage. Discuss the responsibilities of a facilitator.
(3) Discuss probability as a process mechanism for the risk analysis stage.
(4) Draw a graph, which illustrates the utility function within the risk evaluation stage.
(5) Define investment appraisal as a concept in the risk evaluation stage.
(6) Discuss risk appetite as a risk treatment strategy in a business.
(7) Outline the seven specifications required by a manager to implement a control process in the monitoring and review stage.
(8) Discuss internal and external communication within the ERM process.
(9) Distinguish between key risk indicators and key performance indicators.

9. Generally accepted accounting procedures

SUMMARY

Topic 2 discussed the seven stages in the ERM process namely: establishing the context, risk identification, risk analysis, risk evaluation, risk treatment, monitoring and review, communication and consultation. All the stages are interrelated and must be implemented effectively and communicated in the business to manage its risks and opportunities. The next topic will discuss the impact of internal influences – micro factors on a business.

TOPIC 3

INTERNAL INFLUENCES - MICRO FACTORS

AIM

At the end of this topic, you will be able to discuss how internal influences can have an impact on a business' performance.

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Identify and discuss the seven most significant financial risks faced by businesses;
- Describe the elements, attributes and features of operational risk and describe an appropriate response strategy;
- Discuss the primary types of technology, sources of risk and possible responses to such exposure;
- Identify and discuss project risk management and the challenges encountered in embedding risk management within a project;
- Discuss the key aspects of business ethics to aid in the broader risk management context; and
- Discuss health and safety as part of ERM.

TOPIC CONTENT

Study Unit 5: Financial risk management
Study Unit 6: Operational risk management
Study Unit 7: Technological risk management
Study Unit 8: Project risk management
Study Unit 9: Business ethics management
Study Unit 10: Health and Safety management

OVERVIEW

In this topic, we will discuss financial risk management, operational risk management, technological risk management, project risk management, business ethics management and health and safety management. Micro risk factors are to a large degree generated internally, and hence can be controlled by the business itself. See Figure 6 below.

Figure 6: Internal influences - Micro factors

Study Unit 5

FINANCIAL RISK MANAGEMENT

CONTENTS

AIM

At the end of this unit, you will be able to identify and discuss the seven most significant financial risks faced by organisations.

KEY CONCEPTS

Financial risk
Liquidity risk
Credit risk
Currency risk
Funding risk
Foreign investment risk
Derivatives

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define financial risk.
- Discuss the benefits of financial risk management.
- Discuss the factors influencing the implementation of financial risk management, and;
- Identify and discuss the different types of financial risks experienced by any business of your choice.

LEARNING MATERIAL

Study Unit 5 is based on Chapter 15 of the prescribed book.

5.1 INTRODUCTION

Chapter 15 of the prescribed book examines the first of the six internal processes of ERM, called financial risk management. Financial risk is the exposure of an enterprise to adverse events that erode profitability and in extreme situations, bring about business collapse. Financial sources of risk have the potential to be fatal in that they can bring about the downfall of a business and therefore require a comprehensive management strategy. Through sound financial management, businesses can evaluate business strategies that are appropriate to their risk appetite, market and exposure profile (Chapman, 2011). This study unit focuses on the seven most significant financial risks any business faces.

5.2 SCOPE OF FINANCIAL RISK

The term financial risk embraces a variety of sources of risk, which include:

- Liquidity risk;
- Credit risk;
- Interest rate risk;
- Currency risk;
- Funding risk;
- Foreign investment risk;
- Derivatives risk;
- Systems risk, and
- Outsourcing risk.

Study the sections on "The Definition of Financial Risk" and "Scope of Financial Risk" par. 15.1 - 15.2 in Chapter 15 of the prescribed book.

5.3 BENEFITS OF FINANCIAL RISK MANAGEMENT

Financial risk management affords a business a variety of benefits.

Study the section on "Benefits of Financial Risk Management" par. 15.3 in Chapter 15 of the prescribed book.

5.4 IMPLEMENTATION OF FINANCIAL RISK MANAGEMENT

The development of a sound system of financial risk management will depend on a number of factors such as the following:

- The development of robust financial systems and internal controls;
- The development of concise, lucid reporting tools;
- The preparation of a cash budget plan to diminish the likelihood of the threat of liquidity risk;
- Securing credit insurance to cover non-payment of goods or services/bad debt;
- Carrying out comprehensive due diligence on counterparties whose default could seriously harm the business;
- Monitoring predicted changes in interest rates, and;
- Carrying out a robust assessment of planned investments, using tried and tested techniques.

Study the section on the “Implementation of Financial Risk Management” par. 15.4 in Chapter 15 of the prescribed book.

5.5 LIQUIDITY RISK

Liquidity risk is the risk that a business will be unable to obtain funds to meet its obligations as they fall due either by increasing liabilities or by converting assets into money without loss.

Read the section on “Liquidity Risk” par. 15.5 in the prescribed book.

5.5.1 Current ratio and quick ratio

Current ratio is the relationship between current assets and current liabilities. Quick ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the liquid current assets available to cover current liabilities. The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. Therefore, a higher ratio means a better liquid current position.

5.5.2 Mitigation of liquidity risk

Mitigation of liquidity risk is the payment of debts when they fall due. This can be achieved by using a cash budget.

5.6 CREDIT RISK

Credit risk is the financial loss suffered due to the default of a borrower or counterparty under a contract. Default by a small number of large customers may lead to insolvency. The three main components of credit risk include default, exposure and recovery.

- **Default risk** is the probability of the event of default.
- **Exposure risk** relates to the uncertainty surrounding the payment of future amounts.
- **Recovery risk** relates to the uncertainty over the likely recovery.
- **Credit insurance** is the mitigation action for credit risk.
- **Counterparty** risk is the risk to each party of a contract that the counterparty will not live up to its contractual obligations. If A is counterparty to B and B is counterparty to A, both are exposed to this risk. For example if Tshepiso agrees to lend funds to Tebogo up to a certain amount, there is an expectation that Tshepiso will provide the cash, and Tebogo will pay those funds back. There is still the counterparty risk assumed by them both. Tebogo might default on the loan and not pay Tshepiso back or Tshepiso might stop providing the agreed upon funds.
- **Due diligence** generally refers to the care a reasonable person should take before entering into an agreement or a transaction with another party. For a business considering an undertaking such as entering into a major contract, committing to a joint venture, acquiring a business or lending money to a third party, it will need to undertake due diligence as part of the evaluation process.

Read the section on "Credit Insurance" par. 15.6.4 in the prescribed book.

Study the section on "Credit Risk" par. 15.6 in chapter 15 (excluding par. 15.6.4) of the prescribed book.

5.7 BORROWING

According to Chapman (2011), when a company borrows money, it needs to know the basis of interest rate determination, the interest rate at commencement of the borrowing, the nature of interest rate (fixed or variable), and the duration of payment. The rate of interest paid depends on the following:

- Amount
- Term
- Forecasts
- Inflation
- Risk
- Opportunity cost
- Market

Read the section on “Borrowing” par. 15.7 in the prescribed book.

5.8 CURRENCY (OR FOREIGN EXCHANGE) RISK

Currency risk concerns the possible impact which fluctuations in exchange rates may have on the foreign exchange holdings or the commitments payable in foreign exchange.

5.9 FOREIGN INVESTMENT RISK

Foreign investment risk concerns the possible risks that arise when a business pursues opportunities abroad. Examples of foreign investment risks include country risk and environment risk.

Read the section on “Foreign Investment Risk” par. 15.10 in chapter 16 of the prescribed book.

5.10 DERIVATIVES

Derivatives are financial products derived from some other existing product. Examples include options, futures and swaps. Derivates are available to cover many types of exposure including interest rates; foreign currency exchange rates; commodities, such as energy (oil or gas), bullion (e.g. gold and silver), base metals (copper and nickel) and agriculture (e.g. sugar); and equities. Derivatives can be either “exchange traded” or “over the counter”.

Study the section on “Derivatives” par. 15.11 in Chapter 15 of the prescribed book.

SELF ASSESSMENT

(1) With the aid of examples, discuss the financial risks faced by South African Airways (SAA). What are the benefits to SAA of implementing financial risk management?
(2) Discuss the factors that determine the development of a sound system of financial management by SAA.
(3) Discuss the three main components of credit risk.
(4) Define liquidity risk and discuss why it is important in financial risk management.
(5) With reference to Box 15.1 in the prescribed book, calculate the quick ratio.

SUMMARY

The purpose of Study Unit 5 was to examine various aspects of financial risk, which have to be managed to maintain business continuity. The financial risks covered include liquidity risk, credit risk, interest risk, foreign currency risk, foreign investment risk and derivatives. The business case for operational risk is discussed in next study unit.

Study Unit 6

OPERATIONAL RISK MANAGEMENT

CONTENTS

AIM

At the end of this unit, you will be able to point out the elements, attributes and features of operational risk and describe an appropriate response strategy in view of ERM.

KEY CONCEPTS

Operational risk
People risk
Risk management culture
External events
Outsourcing
Mitigation

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define and explain the importance of operational risk.
- Outline and discuss the benefits of operational risk;
- Discuss the factors influencing a sound operational risk management system;
- Outline and discuss the elements of operational risk, and
- Discuss the measurement and mitigation of operational risk.

LEARNING MATERIAL

Study Unit 6 is based on Chapter 16 of the prescribed book.

6.1 INTRODUCTION

This chapter examines the second of the internal processes, called operational risk. Operational risk is the exposure of an enterprise to losses resulting from people, processes, systems and external events. Operational risk is present in all organisations and can affect a firm's solvency, the fair treatment of its clients and the incidence of financial crime.

Read the "Introduction" section in Chapter 16 of the prescribed book.

6.2 DEFINITION AND SCOPE OF OPERATIONAL RISK

Peccia (2001) defines operational risk as "the potential for loss due to failures of people, processes, technology and external dependencies". The sources of risk considered to be embraced within operational risk include business risk, crime risk, disaster risk, information technology risk, legal risk, regulatory risk, reputational risk, systems risk and outsourcing. Refer to par 16.1 of the prescribed book for more details.

6.3 BENEFITS AND IMPLEMENTATION OF OPERATIONAL RISK

Operational risk management affords a business various benefits. The development of a sound system of operational risk depends on a number of issues.

Study the sections on "Benefits of Operational Risk" and "Implementation of Operational Risk" par. 16.3 - 16.4 in Chapter 16 the prescribed book.

6.4 STRATEGY

The business strategy is the overall approach to achieving business objectives. According to Chapman (2011), adopting the wrong business strategy, failing to execute a well-thought-out strategy and not modifying a successful strategy over time, are examples of operational risk.

Study the section on "Strategy" par.16.5 in Chapter 16 of the prescribed book.

6.5 PEOPLE

There is always a human factor to consider in undertaking any business activity. The knowledge, experience, capability and reliability of the persons involved in all of the business processes are critical risk factors. People risk continue to be the major contributing factor in many dramatic failures and, despite the difficulties of measuring this kind of risk, it needs to be targeted in any programme aimed at improving risk management. People risk may therefore be defined as a combination of the detrimental impact of employee behaviour and employer behaviour. The following serve as examples of people risk:

- Absenteeism rates
- Labour turnover
- Accident rates
- Productivity
- Quality of finished goods customer satisfaction

Study the sections on "People" and "Figure 16.3: Taxonomy of People Risk" in Chapter 16 of the prescribed book.

6.6 PROCESSES AND SYSTEMS

According to Chapman (2011), processes and systems risk is the failure of processes or systems due to their poor design, complexity or non-performance resulting in operational losses. Consequently, a business may experience problems such as inability to meet orders, poor quality control and fraud and information security failure.

Study "Figure 16.5: Taxonomy of Processes and Systems Risk" in chapter 16 of the prescribed book.

6.7 EXTERNAL EVENTS

External events are events that occur outside the business which may require a response in the form of change management or the establishment of contingency events to cope with, e.g. natural catastrophes.

6.8 OUTSOURCING

Modern organizations, in order to reduce operational costs and become more competitive, have designed and implemented several key strategies. One is that of outsourcing. Outsourcing produces multiple benefits, the most important being the following: reduced costs, reorganizing the staff structure, increase the level of working capital, improve the quality of products and services and reduce the level of business risk. It also eliminates some conflicts with the workers, while decreasing some wasteful activities.

6.9 MEASUREMENT

It is necessary to measure the impact of those issues likely to have the greatest detrimental effect on the operation of the business. Measurement enables businesses to set aside monies to cope with adverse events and to know the extent of insurance required.

6.10 THE SUCCESS OF MITIGATION DEPENDS ON A NUMBER OF FACTORS.

Study the sections on "Outsourcing, measurement and mitigation" para 16.9-16.11 in Chapter 16 of the prescribed book.

SELF ASSESSMENT

(1) Define operational risk.
(2) With the aid of examples, identify the operational risks faced by South African Airways (SAA). What are the benefits to SAA of implementing operational risk management?
(3) What measures can SAA put in place to mitigate operational risks?
(4) Briefly discuss people as one of the main underlying risk factors comprising operational risk management.

SUMMARY

Study Unit 6 examined the elements of operational risk, namely strategy, people, processes and systems, external events, and outsourcing. Operational risk is present in many different forms and small problems can quickly escalate into major losses if not prevented at source. Businesses must establish a series of systems and controls to manage people risks. Processes and systems are a significant area of operational risk, including such subjects as business continuity, transaction risk, IT and information security. External events such as flooding, power failure, and terrorism can all disrupt a business. The next study unit examines technological risk management.

Study Unit 7

TECHNOLOGICAL RISK MANAGEMENT

CONTENTS

AIM

At the end of this unit, you will be able to describe technology risk management, identify the primary types of technology of interest to organisations, sources of risk and possible responses.

KEY CONCEPTS

Technology risk
Communications technology
Information technology (IT) governance
Broadband
Electronic (E)-commerce
Control technology.

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define technology risk.
- Discuss the scope and benefits of technology risk.
- Discuss the types of technology and the risks associated with each IT tool, and;
- Discuss how businesses respond to technology risk.

LEARNING MATERIAL

Study Unit 7 is based on Chapter 17 of the prescribed book.

7.1 INTRODUCTION

Chapter 17 of the prescribed book examines the third of the internal processes, called technological risk. The majority of today's technologies are information, communication and controls. These technologies can raise productivity, lower costs and drive growth of organisations. Changes in technology can therefore be both an opportunity and a threat in terms of market share and market development. Although there is a wide range of technologies, the common ones considered important to business and discussed in this chapter are information, communication and control. The chapter deals with the definition of technology risk management, the primary types of technologies essential to business, sources of risk and possible responses.

Study the "Introduction" section in Chapter 17 of the prescribed book.

7.2 DEFINITION AND SCOPE OF TECHNOLOGY RISK

Read the section on "Definition and Scope of Technology Risk as a Marketing Tool" in Chapter 17 of the prescribed book.

7.3 BENEFITS OF TECHNOLOGY RISK MANAGEMENT

The benefits of implementing and embedding technology risk management in an organisation are discussed in the prescribed book.

Study the section on the "Benefits of Technology Risk Management" par. 17.3 in the prescribed book.

7.4 IMPLEMENTATION OF TECHNOLOGY RISK MANAGEMENT

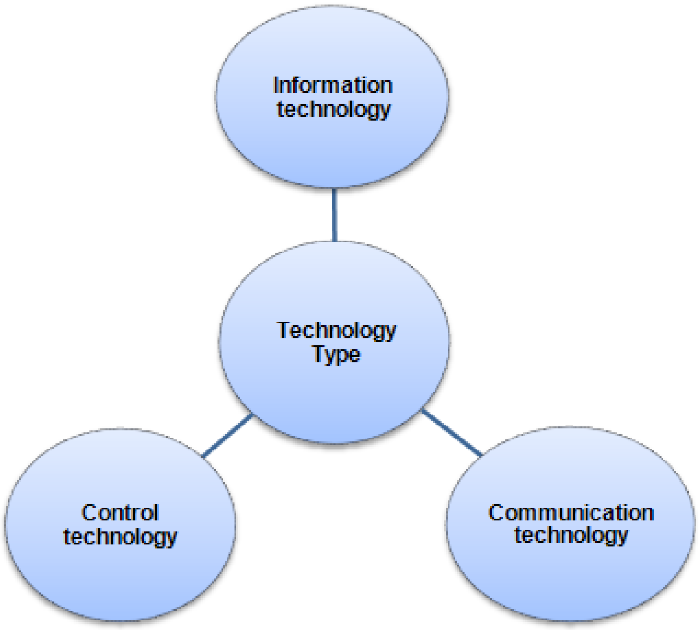
The development of a sound management system for technology risk, the effective implementation thereof depends on whether attention is paid to a number of issues. Such issues are discussed in the prescribed book.

Study par. 17.4 in the prescribed book.

7.5 PRIMARY TECHNOLOGY TYPES

As pointed out in the introduction, risk management can be quite helpful to identify opportunities for the improvement of processes. Labour intensive and complicated processes have the potential for more errors compared to streamlined and simplified processes.

Figure 7: Primary Technology Types



7.5.1 Information technology

IT is the collection, storage, processing and communication of information by electronic means. There are various types of IT tools, which include the following:

- Software applications
- Management information systems
- Intranets
- Telematics
- Information assets

7.5.2 Communications technology

Communications technology includes the following:

- Conference calls.
- E-commerce using the internet

- Broadband
- E-mail
- Network systems

7.5.3 Control technology

Control technology consists of computer-based production control systems, which include the following:

- Computer-aided design (CAD)
- Computer-aided manufacture (CAM)
- Flexible manufacturing systems (FMSs)
- Mechatronics
- Computer-integrated manufacture.
- Manufacturing resource planning (MRP)
- Operational research (OR)

Study the section on "Primary Technology Types" par. 17.5 in Chapter 17 of the prescribed book.

7.6 RESPONDING TO TECHNOLOGY RISK

A number of initiatives have been put forward to mitigate technology risk. These include IT governance, investment and projects.

SELF ASSESSMENT

(1) Define technology risk and discuss the possible sources for this kind of risk.
(2) With examples, discuss the various types of IT tools used by SAA in its endeavour to manage technological risk.
(3) Discuss the risks associated with the use of e-mails in an organisation.
(4) With the use of examples, discuss how an organisation like SAA responds to technology risk.

SUMMARY

Study Unit 7 examined three primary technology types namely information, communications and control technologies. The next study unit deals with project risk management.

Study Unit 8

PROJECT RISK MANAGEMENT

CONTENTS

AIM

At the end of this unit, you will be able to discuss project risk management and the challenges encountered in embedding risk management within a project.

KEY CONCEPTS

Project risk management (PRM)
Project personnel
Project team
Project performance.

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Distinguish between project risk and PRM;
- Identify the sources and discuss the benefits of PRM to a business
- Discuss the challenges associated with the implementation of PRM;
- Discuss the project risk management process;
- Discuss the roles of the project director, and
- Discuss the challenges faced by a project team.

LEARNING MATERIAL

Study Unit 8 is based on Chapter 18 of the prescribed book.

8.1 INTRODUCTION

Study Unit 8 examines the fourth of the internal processes, namely Project Risk Management (PRM) since technology improvements are introduced as projects. A project is defined as a unique activity with defined objectives, undertaken in pursuit of achievement of beneficial change, typically constrained by limited resources. Any project has definite start and finish dates. Unless a project is appropriately managed, it has the potential to damage the organisation's reputation, erode stakeholder relationships, diminish the share price and critically undermine financial performance. Chapter 18 explores some of the challenges encountered in integrating risk management with a project.

Read the "Introduction" section in chapter 18 of the prescribed book.

8.2 DEFINITION OF PROJECT RISK AND PROJECT RISK MANAGEMENT

Refer to par. 18.1 and 18.2 regarding the definition of project risk and project risk management in Chapter 18 of the prescribed book.

8.3 SOURCES OF PROJECT RISK

The term "project risk" embraces the sources of project risk. The sources of project risk are considerable and emanate from the external business environment, the industry within which an organisation sits, the sponsor's organisation and the project itself.

Read the section on the "Sources of Project Risk", par 18.3 in chapter 18 of the prescribed book.

8.4 BENEFITS OF PRM

PRM has the "potential" to afford a business a series of benefits. Such benefits are discussed in the prescribed book.

Refer to par. 18.4 in the prescribed book regarding the benefits of PRM.

8.5 IMPLEMENTATION OF PRM

Risk management can be quite helpful to identify opportunities for the improvement of processes. Labour intensive and complicated processes have the potential for more errors compared to streamlined and simplified processes. Common challenges in implementing PRM include the following:

- Lack of clearly defined and disseminated risk management objectives
- Lack of senior executive and project director commitment and support
- Lack of risk maturity model
- Lack of a change process to introduce the discipline
- No common risk language (terms and definitions)
- Lack of articulation of the project sponsor's risk appetite
- No definition of roles and responsibilities
- Lack of risk management awareness training to build core competencies
- Lack of integration of risk management with other project disciplines
- Reticence of project personnel to spend time on risk management
- Risk owners not automatically taking responsibility for assigned risks
- No clear demonstration of how risk management adds value and contributes to project performance
- Overcomplicated implementation from an unclear risk policy, strategy, framework, plan and procedure
- Lack of alignment between the business strategy, business model and the risk management objectives
- Lack of the integration of risk management activities into the day-to-day activities of project managers

Study the section on "Embedding Project Risk Management" par. 18.5 in Chapter 18 of the prescribed book.

8.6 PRM PROCESS

The PRM process should provide a methodical, efficient and effective way of managing risks to delivery of a project. The process includes establishing the context, risk identification, analysis, evaluation, treatment, monitoring and review; and communication and consultation.

8.6.1 Establish the context

The establishment of context involves both external and internal dimensions.

- **The external** dimension relates to political, legal, regulatory, market, technological and economic settings. It is important to establish the legislation that the project will adhere to, such as health and safety legislation and sustainability goals, and obtaining the necessary approvals.
- **The internal** dimension relates to the organisation's strategic objectives, its structure, policies, processes, stakeholders, culture, reputation, capabilities (including capital and people) and concurrent projects.

Once a project has been approved and commenced, progress should be checked against the project's business case to check whether the project is still viable and planned benefits are still realisable.

8.6.2 Risk identification

Risk identification is the process of determining which risks may affect the project as well as establishing their characteristics.

8.6.3 Risk analysis

Risk analysis involves the identification of the probability and impact of the identified risks and opportunities. Analysis can be qualitative or quantitative depending on the requirements of the risk process and the information available. Qualitative assessments use labels such as high, medium or low, whereas quantitative measurements provide percentage likelihoods (e.g. 50%) and an impact in terms of time and cost.

8.6.4 Risk evaluation

Risk evaluation typically looks at the combined net effect of the identified risks and opportunities.

8.6.5 Risk treatment

Risk treatment is the action of responding to an identified risk.

8.6.6 Risk monitoring and review

Monitoring and review is an on-going process of implementing and examining the success or otherwise of the planned responses. It entails evaluating the perceived benefit of the response, its attendant costs and the likelihood of new risks being triggered by the response. If a decision is taken to implement the response, it has to be clarified who will do so and when.

8.6.7 Communication and consultation

Communication and consultation take place at commencement and throughout the risk management process. The activities of the communication and consultation process are the tasks undertaken in striving to ensure that the risk management process is effective.

Refer to par. 18.6.7 in the prescribed book for the details of the activities involved.

Study the section on the "Project Risk Management Process" par. 18.6 in Chapter 18 of the prescribed book.

8.7 PROJECT DIRECTOR'S ROLE

The director has overall responsibility for the delivery of the project in terms of satisfying the stated objectives. Refer to Par. 18.8 in the prescribed book for details of the project director's role.

8.8 PROJECT TEAM AND THE CHALLENGES THEY FACE

The composition of the project team and the way it performs will have a fundamental impact on the realisation of the project's objectives. Team performance is a major source of potential risk. A number of issues can undermine the effectiveness of teams, which include the following:

- Lack of team structure
- Lack of definition of roles
- Lack of responsibility assignment matrix
- Poor leadership
- Poor team communication

Details of the above are discussed in par. 18.9.1 in the prescribed book.

8.9 TECHNIQUES USED TO SUPPORT PRM

Study the section on "Techniques used to Support Project Risk Management", par. 18.12 in Chapter 18 of the prescribed book.

SELF ASSESSMENT

(1) Distinguish between project risk and project risk management.

(2) You are appointed as the project manager for Group Five Construction (Pty) Ltd, a company that has been awarded a tender to build Reconstruction and Development Programme (RDP) houses in Gauteng. You have organised a meeting to plan risk management.

(i) Who could be the possible attendees to this meeting? (At least four).

(ii) Identify the sources of risk associated with this project and discuss the benefits and five common challenges encountered in the implementation of PRM.

(3) Briefly discuss the application of the project management process to this particular low-income housing construction project.

SUMMARY

Study Unit 8 covered the definition of project risk management and outlined the potential sources of risk as well as the benefits and challenges of implementing the discipline. Additionally, the unit describes the risk management process associated with running a project and issues related to the project team. A major source of risk is the project team itself and hence its inclusion in the discussion. However, the unit concludes by looking at techniques and software tools, which enhance the implementation of PRM. The next study unit explores Business Ethics Management.

Study Unit 9

BUSINESS ETHICS MANAGEMENT

CONTENTS

AIM

At the end of this unit, you will be able to identify and discuss the key aspects of business ethics to aid in the broader risk management context.

KEY CONCEPTS

Business ethics risk
Unethical behaviour
Standards
Compliance

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define business ethics management and explain its importance to businesses;
- Outline sources of ethical risk;
- Discuss the benefits of ethical risk management;
- Discuss the reasons for unethical behaviour, and
- Identify and discuss the components of a business ethics programme.

LEARNING MATERIAL

Study Unit 9 is based on Chapter 19 of the prescribed book.

9.1 INTRODUCTION

Ethics is inextricably linked with reputation, and a breach of ethics commonly leads to one or more of the following: reduced share price, reduced profitability, unfavourable media coverage, fines, additional administration and, in some extreme cases, imprisonment. As with other aspects of risk management, the management of risks associated with ethical conduct will determine its performance, position and prolonged existence. This study unit therefore explores the key aspects of business ethics to aid an all-inclusive risk management.

Read the "Introduction" section in Chapter 19 of the prescribed book.

9.2 DEFINITION OF BUSINESS ETHICS RISK

Chapman (2011) defines ethics as the branch of business that addresses questions about morality. Morality is a sense of behavioural conduct that differentiates intentions, decisions and actions between those that are good and evil, and right and wrong. Business ethics therefore refers to moral rules and regulations governing the business world. Ethical risk refers to exposure to events, which may result in criminal prosecution, civil law suits or erosion of reputation. Examples of ethical risk include bribery, false accounting, child labour, tax evasion, money laundering and invasion of privacy.

Study the sections on "Definition of Business Ethics Risk" and "Scope of Business Ethics Risk" par 19.1 – 19.2 in Chapter 19 of the prescribed book.

9.3 BENEFITS OF ETHICS RISK MANAGEMENT

The benefits of ethics risk management are discussed in the prescribed book.

Read the section on the "Benefits of Ethics Risk Management" par. 19.3 in the prescribed book.

9.4 FACTORS THAT AFFECT BUSINESS ETHICS

Examples of ethical codes that govern businesses include honesty, objectivity, integrity, carefulness, openness, respect for intellectual property and confidentiality. Refer to par. 19.6 "Factors that Affect Business Ethics" in Chapter 19 of the prescribed book. Examples of unethical practices by companies that were prosecuted or suffered reputational damage because of the behaviour of employees and who attracted negative media attention include the following:

- Bribery in the private sector
- Money laundering
- Improper sales and marketing
- Inadequate financial accounting
- Bribery of government contracting officers
- Inadequate internal controls
- Failure to follow quality standards and procedures
- Environmental irresponsibility
- Employee claims of sexual harassment
- Black listing of international, national or local organisations
- Insider trading
- Exploitation of third world countries
- Health and safety irresponsibility
- Invasion of privacy

9.5 IMPLEMENTATION OF ETHICAL RISK MANAGEMENT

One approach in addressing risk exposure from a breach of ethics is to devise and implement an ethics system across the organisation as a means of preventive action. A business ethics programme aims to achieve specific expected outcomes, such as increasing awareness of ethics issues, improving decision making and reducing misconduct. The areas of focus for an ethics manual, is based on four primary orientations as follows:

- A compliance-based approach
- A protecting senior management approach
- A satisfying external stakeholders approach
- A values-based approach

The four primary orientations are not mutually exclusive. However, the degree of application of these areas of focus is based on four orientation levels, namely compliance, risk management, reputation enhancement and benefit. For an organisation to be truly responsible, it must fully embrace all four levels of identity.

A business ethics system can be composed of seven sequential components as shown in Figure 19.3 in the prescribed book on page 369. The components are as follows:

- Vision
- Context
- Establish
- Implement
- Monitor
- Respond
- Evaluate

Study the section on “The System” par. 19.8.3 in Chapter 19 of the prescribed book.

SELF ASSESSMENT

(1) Identify and discuss the sources of ethical risk in an academic institution like Unisa.
(2) Define business ethics management and discuss the benefits of implementing ethics risk management in an organisation.
(3) List and discuss the reasons for the emergence of unethical behaviour in an organisation.

SUMMARY

Study Unit 9 examined the definition and scope of business ethics and the benefits of ethics risk management. A breach of ethics, depending on its severity, can erode reputation and share price, but can also lead to lost opportunities. A risk management strategy for business is to design and implement a business ethics programme that meets emerging global standards. The next study unit explores health and safety management.

Study Unit 10

HEALTH AND SAFETY MANAGEMENT

CONTENTS

AIM

At the end of this unit, you will be able to discuss health and safety as part of ERM.

KEY CONCEPTS

Health and safety risk
Management system
Workplace precautions
Human reliability
Best practice.

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Identify and explain the sources of risk considered to be embraced within the term "health and safety risk" in a business context
- Discuss the benefits of health and safety risk management
- Discuss the implementation of health and safety risk management system
- Discuss the improvement of human reliability in the workplace, and;
- Discuss the main risk mitigation factors.

LEARNING MATERIAL

Study Unit 10 is based on Chapter 20 of the prescribed book.

10.1 INTRODUCTION

Health and safety is no longer seen as a peripheral as enterprises recognise that losses may result from non-compliance to rules and regulations relating to health and safety in organisations. The study unit covers the definition and scope of health and safety risk, the benefits and implementation of health and safety risk management.

Read the "Introduction" section in Chapter 20 of the prescribed book.

10.2 DEFINITION AND SCOPE OF HEALTH AND SAFETY RISK

Read the sections on "Definition of Health and Safety Risk" and "Scope of Health and Safety Risk" par 20.1 - 20.2 in Chapter 20 of the prescribed book.

10.3 BENEFITS OF HEALTH AND SAFETY RISK MANAGEMENT

Irrespective of wherever in the world the business operates, there is a consensus that a health and safety risk management system is good business management and improves bottom-line profitability.

Study the section on "Benefits of Health and Safety Risk Management" par. 20.3 in the prescribed book.

10.4 IMPLEMENTATION OF HEALTH AND SAFETY RISK MANAGEMENT

Health and safety risk management systems are essential in planning and controlling the management of risk in an organisation. The system is made up of the following three components:

- Management arrangements
- Risk control systems
- Workplace precautions

Study all the sections on "Implementation of Health and Safety Risk Management" par. 20.6 in the prescribed book.

10.5 CONTRIBUTION OF HUMAN ERROR TO MAJOR DISASTERS

Read the section on "Contribution of Human Error to Major Disasters" par. 20.8 in the prescribed book.

10.6 IMPROVING HUMAN RELIABILITY IN THE WORKPLACE

Commonly recognisable methods to improve human reliability in the workplace include the following:

- Reward schemes
- Job satisfaction
- Appraisal schemes
- Selection
- Training
- Human reliability analysis

10.7 RISK MANAGEMENT BEST PRACTICE

Risk management best practice is implemented throughout the development of a risk management system, policy and procedures in order to provide safe systems of work. Refer to par. 20.10 in the prescribed book for details of the main risk mitigation factors.

Study the sections on "Improving Human Reliability in the Workplace" and "Risk Management Best Practice" par. 20.9 - 20.10 in Chapter 20 of the prescribed book.

SELF ASSESSMENT

(1) *Discuss the benefits of implementing a health and safety risk management system in a business.*
(2) *Discuss how companies can improve human reliability in the workplace.*
(3) *With the aid of a diagram and examples, discuss the components of a health and safety management system that can be implemented in a business like the South African Airways (SAA).*

SUMMARY

Study Unit 10 explored the definition and scope of health and safety risk and the benefits of safety risk management. Businesses are expected to have a moral obligation to implement a health and safety environment legally enforceable by minimum standards on health and safety practice. The next topic examines the way in which external influences impact on businesses. Individual businesses have no control over external macro factors.

TOPIC 4

EXTERNAL INFLUENCES - MACRO FACTORS

AIM

At the end of this topic, you will be able to explain how external macro influences will affect businesses. You will also be able to identify the macro factors that are included in the state of the economy, the environment, the legal framework, political structure, social factors and market conditions.

LEARNING OUTCOMES

At the end of this topic, the student will be able to discuss the six external influences (macro factors namely: economic, environmental, legal, political, market and social risks) and how they can have an impact on a business.

TOPIC CONTENT

Study Unit 11: ERM: External factors

OVERVIEW

In this topic, we will discuss the way in which external "macro" factors affect businesses. These external influences occur both at national and international levels, and businesses have no control over such events. Macro factors include the state of the economy, the environment, the legal framework, political structure, market conditions and social factors. The factors are depicted in Figure 8 below. A study of the factors provides an appreciation of how a business is subject to external constraints and exposed to opportunities.

Figure 8: External Influences – Macro factors

Study Unit 11

ERM: EXTERNAL FACTORS

CONTENTS

AIM

At the end of this unit, you will be able to discuss the six external influences (macro factors) that may have a national and international impact on a business.

KEY CONCEPTS

Economic risk
Interest rate risk
Energy sources
Sustainability
Intellectual property
Political risk
Social risk

LEARNING OUTCOMES

After studying this topic, you should be able to:

- Define economic, environmental, legal, political, market and social risk.
- Discuss the benefits of economic, environmental, legal, political, market and social risk.
- Discuss the implementation of economic, environmental, legal, political, market and social risk.
- Explain the scope of economic, environmental, legal, political, market and social risk, and;
- Discuss the factors that affect economic, environmental, legal, political, market and social risk.

LEARNING MATERIAL

Study Unit 11 deals with Chapters 21 to 26 of the prescribed book and will discuss the six external influences (macro factors) in ERM.

11.1 ECONOMIC RISK

The first of the six macro-factors that affect the business-operating environment is economic risk. Chapman (2011) defines economic risk as the influence of national macroeconomics on the performance of individual business. Government policy affects national macroeconomics through the manipulation of aggregate demand and consumer spending. However, businesses have no control over national influence on aggregate demand. Refer to par. 21.1 in the prescribed book for the complete definition of economic risk.

11.1.1 The scope of economic risk

The sources of risk embraced under economic risk include the following:

- Fall in demand
- Government policies
- Movement in house prices
- Exchange rates
- Inflation

11.1.2 Benefits of implementing economic risk management

Benefits derived from economic risk management include:

- Improvement of knowledge of where the government is planning public spending;
- Providing an understanding of the impact of inflation and interest on demand;
- Providing an understanding of how the short-term behaviour of the gross domestic product (GDP) impacts employment, prices and standard of living, and;
- Promoting rigorous market research before entering new markets in both the domestic and international markets.

The development of a sound system of economic risk management depends on a number of factors namely:

- An understanding of the drivers and consequences of inflation;
- An understanding of the impact of changes in foreign exchange rates on the demand curve;
- Tracking planned government spending
- An understanding of government fiscal and monetary policies, and
- An understanding of the taxation regime

Study the sections on "Benefits of Economic Risk Management" and "Implementation of Economic Risk Management": par.21.3 - 21.4 in Chapter 21 of the prescribed book.

11.1.3 Factors affecting economic risk

- **Micro-economics**

  Micro-economics is driven by households, whose members have need for goods and services. Consumers have resources (incomes, assets, time and energy) with which to satisfy their wants, However, the limitation of these resources force consumers to make choices. Given a set of prices, each household will make choices that in aggregate affect those prices.

- **Macro-economics**

  Macro-economics studies the total amount of deployment of each of the major factors of production, the total volume of output produced and income earned in the whole economy; the average level of prices in all product markets; and the growth of the economy's total output. The three most important concepts are output, income and expenditure. They are the main indicators of a nation's economic performance. The most important empirical measure of these variables is called the gross domestic product (GDP). GDP is the value of total output actually produced in the whole economy over some period.

Read the section on "Macro-economic" in chapter 21 of the prescribed book.

- **Government policy**

  Macro-economic policy is influenced by government policy through fiscal policy, monetary policy and competing theories. Fiscal policy aims to influence government revenue (taxation) and/expenditure. Macro-economic policy is thus used by governments to influence the level of aggregate demand and supply in the economy. Monetary policy is the attempt by government or the central bank (the SA Reserve Bank in South Africa) to manipulate the money supply, the supply of credit, interest rates and other monetary variables to achieve the fulfilment of policy goals.

- **Aggregate demand**

  Aggregate demand denotes the spending on goods and services produced in an economy. It is made up of four elements namely: consumer spending (C), investment expenditure ((I), government spending (G) and net expenditure on exports and imports (X-M). The elements are used to construct aggregate demand curves in order to determine the GDP. Dramatic changes in the aggregate demand may arise from changes in the underlying constituents of aggregate demand. The underlying constituents are as follows:

- Determinants of consumer spending
- Determinants of investment expenditure
- Determinants of government spending
- Determinants of net expenditure on exports and imports
- Aggregate supply

Aggregate supply (AS) is the total output of the economy at a given price level at a given point in time. The AS curve is affected by several factors namely:

- An increase in the capital stock due to a reduction in interest rates;
- An improvement in the expectations of business executives;
- Continuing technological change;
- Increased investment in education;
- A reduction in unemployment benefits, and
- Schemes to improve the geographical mobility of workers.

- **Inflation**

  Inflation is defined as a sustained general rise in prices. Creeping inflation describes a situation where prices rise a few percent on average each year. Hyperinflation describes a situation where inflation levels are very high. Inflation is believed to cause unemployment and lower economic growth.

- **Interest rate risk**

  Changes in interest rates affect business and consumer behaviour in a number of ways, namely changes in the exchange rate, discretionary expenditure, savings and borrowing.

- **House prices**

  House sales are often treated as an economic barometer. Such expenditures are both large and variable and they exert a major impact on the economy. Interest rates are a large part of total mortgage payments. Small changes in interest rates cause a relatively large change in annual mortgage payments. Changes in interest rates can have a large effect on the demand for new housing.

- **International trade and protection**

  In order to understand the risks and opportunities associated with the production of goods for export, businesses need to understand the mechanisms of international trade and protectionism imposed by governments.

  - Methods of protection
    - Tariff – tax placed on imported commodities
    - Import quota – limits the quantity of commodities that may be shipped into the country

  - Domestic policies that reduce the demand for imported commodities
- Trade policy – a government may choose to impose or tighten currency controls.
  - Currency risk

Currency risk is the risk that the expected cash flow from overseas investments are adversely affected by fluctuations in exchange rates. There are two types of foreign exchange risk namely accounting or translation exposure and economic exposure. There are various ways in which hedging can be done, namely netting, leading and lagging, forward market hedge, fuel market hedge, currency futures, currency hedging and money market risk

Read the section on "Currency Risk" in par. 21.15 of the prescribed book.

SUMMARY (ECONOMIC RISK)

Economic risk deals with basic macro-economic theory together with fiscal and monetary policies aimed at modifying aggregate demand and supply in order to achieve a government's objectives of full employment, low inflation, stable balance of payments and economic growth. Other economic risk issues dealt with are interest rate, house prices, international trade and currency risk; all of which influences ERM. The next section explores environmental risk.

11.2 ENVIRONMENTAL RISK

Environmental risk is the actual or potential threat of adverse effects on living organisms and environment by effluents, emissions, wastes, resource depletion, etc., arising out of a business' activities.

11.2.1 Scope of environmental risk

Environmental risk for businesses is considered to include, but not limited to

- pollution of land, water, air;
- increased regulation and higher operational costs;
- prosecution arising from the lack of observance of rules set by a regulatory body;
- reputational risk from adverse publicity as a result of pollution events, resulting in a reduced customer base;
- destruction of facilities or loss of manufacturing as a result of severe weather conditions, and
- loss of oil production, resulting in higher energy costs.

11.2.2 Benefits of implementing environmental risk management

Read par. 22.3 in the prescribed book on the "Benefits of Environmental Risk Management".

- **Implementation:** The development of a sound system of risk management depends on several issues, namely
  - the risk management system not overly constraining risk taking, slowing down decision-making processes or limiting the volume of business undertaken;
  - the implementers of the risk management framework being distinct from the managers of the individual business units;
  - that risks are managed at an appropriate level in the organisation, and
  - the development of a culture, which rewards the disclosure of risks when they exist, rather than encouraging managers to hide them.

11.2.3 Energy Sources

Businesses today face five known energy problems such as the cost, quality, reliability and longevity of supplies and the control of emissions. Traditional sources of supply are being depleted across the world. Renewable energy sources have to be developed to ensure that future generations have adequate supplies of energy. Such renewable sources include, wind power, solar power, hydroelectric power, tidal power, geothermal energy and biomass.

11.2.4 Pollution

Businesses risk prosecution for pollution and breaching environmental legislation. Prosecutions for air, water and land pollution are myriad.

11.2.5 Global warming

Global warming is the rise in the average temperature of the earth's atmosphere and oceans, which may have severe consequences for life on earth. Scientists believe that global warming is primarily caused by increasing concentrations of greenhouse gases produced by human activities such as the burning of fossil fuels and deforestation. The greenhouse effect is the "natural" process by which the atmosphere traps some of the sun's energy.

11.2.6 Response to global warming

In response to increasing concerns about climate change, several policies and frameworks were put in place in an effort to reduce the effects of global warming. These initiatives include the following:

- Earth Summit – the United Nations Framework Convention on Climate Change, 1992
- The Kyoto Protocol, 2004
- Pollution control targets imposed on countries by the Kyoto Protocol.
- Sufficiency of emission cuts whereby countries commit themselves to cut emissions.
- The US Climate Pact, 2005
- The Copenhagen Accord, 2009
- The European Union taking a leading role to govern global action on climate change
- The Cancun Agreements, 2010
- Domestic government response to climate change whereby governments promulgate legislation on the cutting of carbon emissions
- Levies such as the "carbon tax" levied on the selling price of new vehicles in South Africa
- Emissions trading whereby countries are allowed to buy and sell their agreed allowances of greenhouse gas emissions

11.2.7 Environmental sustainability

Environmental sustainability is the maintenance of the factors and practices that contribute to the quality of the environment on a long-term basis. Sustainability is now a buzzword in business. Companies are expected to go "green" among the local community, customers, potential customers and stakeholders in the business. A lack of attention to environmental and sustainability issues will pose a risk to potential growth. Refer to par. 22.11 in the prescribed book for further details on environmental sustainability.

SUMMARY (ENVIRONMENTAL RISK)

The discussion on environmental risk has examined energy sources, renewable energy and current energy consumption. Traditional energy sources of the world are being depleted and there is a need for the development of renewable energy sources to sustain future generations. The next section explores legal risk.

11.3 LEGAL RISK

According to Young (2006), legal risk is the risk arising from violations of or non-compliance with laws, rules, regulations, prescribed policies and ethical standards. This risk also arises when laws or rules governing certain products or activities of an organisation's customers are unclear or untested. Non-compliance can expose the organisation to fines, financial penalties, payment of damages and the voiding of contracts. It could also lead to a diminished reputation, reduced franchise value, limited business opportunities, restricted developments and an inability to enforce contracts.

11.3.1 Scope of legal risk

The sources of risk that fall within legal risk are considerable, and may include, but not limited to the following:

- Breach of environmental legislation
- Inaccurate listing information in terms of misstatements, material omissions or misleading opinions
- Breach of copyright
- Loss of business because of senior management time being lost through a protracted legal dispute
- Prosecution for breach of the law
- Legal dispute with overseas trading partners (differences between local law and English law)
- Loss of reputation because of a prosecution or a dispute with a customer, partner or supplier
- Lost legal disputes through poor record keeping

11.3.2 Benefits and implementation of legal risk

Study the sections on "Benefits of Legal Risk Management" and "Implementation of Legal Risk Management" par. 23.3 to 23.4 in Chapter 23 of the prescribed book.

11.3.3 Business law

The sources of legal risk emanate from business activities based on the basic features of the legal system. The primary categories of law are public and private law.

- **Public law** deals with the relationship between the state and its citizens. The three key areas included are constitutional law, administrative law and criminal law.
- **Private law** is primarily concerned with the rights and duties of individuals towards each other.

Another major distinction is drawn between civil and criminal law.

11.3.4 Companies

Legal risk also arises in the formation of companies. There are rules and regulations that companies have to abide by, for instance, regarding the company name, memorandum of association, articles of association, financing the company, the issue of shares and debentures, the official listing of securities, the remedy of rescission, protection of minority interests and duties of directors.

11.3.5 Intellectual property

According to Chapman (2012), intellectual property refers to a product or process that is marketable and profitable because of its uniqueness. Patent law usually protects such uniqueness. Patent law gives protection to technological interventions, whilst the law of copyright protects rights in literacy, musical and artistic works. The law of trademarks and service marks protects the use of a particular mark if it is used in trade. The law relating to registered designs protects articles that are mass-produced, but distinguished from others by a registered design, which appears upon them.

- **Patents:** The issues covered under patents include application, items that can be patented, exclusions, registration, and infringement.
- **Copyright:** The issues covered under copyright include ownership, duration and infringement.
- **Designs:** A design right looks at the colouring, shape, texture and/or material associated with a product.

Study par. 23.7 on "Intellectual Property" in the prescribed book.

11.3.6 Employment law

Businesses must comply with employment law in their hiring of staff based on the principles of the law of contract. Failure to do so, can lead to prosecution. Contracts of employment must be legal. Other aspects addressed in the employment contract include terms of remuneration, holiday pay, sick leave and pay, time for antenatal care, maternity leave and dismissal procedures. Businesses are at risk if employment law is not understood and adhered to. Refer to par. 23.8 in the prescribed book.

11.3.7 Contracts

The essential ingredients of a valid contract include legality, agreement, consideration, intention, capacity, genuineness of consent and formalities

Types of contracts

There are two broad categories of contracts namely speciality contracts and simple contracts.

11.3.8 Criminal liability in business

Criminal law affects the supplier of goods and services with regard to:

- Misleading descriptions of goods and services;
- Misleading price indications about goods and services;
- Safety of consumer goods, and
- Safety and quality of food

Study par. 23.10 on "Criminal Liability in Business" in the prescribed book.

11.3.9 Computer misuse

There are rules and regulations, which protect businesses from computer misuse. Computer misuse is now a global dilemma with problems such as "hacking" and virus infection. Common computer misuses include:

- Unauthorised access to computer material
- Unauthorised access by means of the internet to commit or facilitate further offences
- Unauthorised modification of computer material

SUMMARY (LEGAL RISK)

The discussion on legal risk examined some of the sources of legal risk that businesses may experience. Issues such as the division between public and private law, aspects of the Companies Act, employment law, contracts and the criminal liability of business have been addressed. The section also examined aspects of intellectual property in terms of patents, copyright and designs. The next section deals with political risk.

11.4 POLITICAL RISK

Political risk can be defined as "the uncertainty that stems, in whole or in part, from the exercise of power by government actors and the actions of non-government groups". This type of risk can be seen in domestic as well as international markets but is also associated with oversees exposure and developing countries. The political environment of overseas countries will always have an impact on the threats and opportunities of a business wanting to expand business overseas. Refer to par. 24.1 for the complete definition of political risk.

11.4.1 Scope of Political Risk

Political risks can be divided into two categories.

- **Macro political risks**

  Macro political risks can affect all businesses in a country and may include potential threats of adverse economical magnitude terrorism, labour disputes, economic recession, high inflation, civil war, escalating crime or high taxation.

- **Micro political risks**
  Micro political risks only affect specific businesses or industries and may include new regulations, taxations, tariffs and quotas on a specific business/industry or politically motivated violence against a specific industry.

Study the section on "Micropolitical and Macropolitical Risks" par. 24.2 in Chapter 24 of the prescribed book.

11.4.2 Benefits and implementation of Political Risk Management

Implementing a sound system of political risk management strategies in a business, will give rise to certain benefits as described in the prescribed book.

Study the sections on "Benefits of Political Risk Management" and "Implementation of Political Risk Management" par. 24.3 - 24.4 in Chapter 24 of the prescribed book.

11.4.3 Political risk factors a business may be faced with

Businesses that conduct their business overseas may have to take note of certain factors when identifying the different political risks the business may face. The factors for consideration are as follows:

- Contract risk events
- SA Government fiscal policy
- Pressure groups
- Terrorism and blackmail

Read the sections for "Contracts", "UK Government Fiscal Policy", "Pressure Groups" and "Terrorism and Blackmail" par. 24.6, 24.8, 24.9 and 24.10. Students will be required to list the factors.

11.4.4 Mitigation strategies for political risks

- The following response strategies can be used to minimise political risk in the business:
  - Undertaking proper planning and exercising due diligence.
  - Investing in projects or entering into contracts where the host government implemented certain policies that encourage private sector involvement.
  - Consider projects that are being supported by host governments.
  - Obtaining insurance against political risks
  - To be protected from interest rate fluctuations a business can enter into a hedge contract.
  - Establish a good relationship with the workforce to create a risk friendly environment.

- Incorporating strong arbitration language into contracts to address labour disputes.
- Enhancing on-site security to be protected against terrorist attacks.
- Being attuned to what is happening in the host country.

- The following tools can also be used by a business to mitigate political risks:
  - Assessing political risk factors
  - Putting political risk factors in order of priority
  - Improving relative bargaining power

Read par. 24.11 in the prescribed book. Students will be required to list the response strategies and tools used to mitigate political risks.

SUMMARY (POLITICAL RISK)

In the business ERM process, political risk will be addressed as a primary source of risk and opportunity. The degree to which a business wants to expand its overseas business will indicate the importance for the business to adapt to political risk factors and mitigation strategies. The next section deals with market risk.

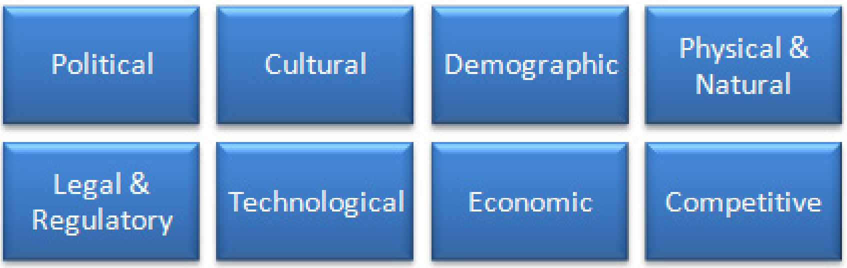
11.5 MARKET RISK

Market risk can be defined as "the exposure to a potential loss arising from diminishing sales or margins due to changes in market conditions, outside of the control of the business". (Chapman, 2012) A business needs to gain insight into the market structure (size, barriers of entry, product diversification and number of competitors) in which the business operates. Market risk policies should take into account business activities, objectives, the regulatory environment, competitiveness and staff and technology capabilities. Proactive market risk management is vital for a business to adapt to changing markets. Refer to par. 24.2 in the prescribed book.

11.5.1 Scope of Market Risk

The sources of market risk and opportunity can be seen in Figure 9 below.

Figure 9: Macro marketing environment



The marketing environment of a business can form part of the macro industry and task environment. The business must also concentrate on the levels of uncertainty in the marketing environment to be able to monitor, analyse and understand the different influences affecting the industry.

Study the section on the "Scope of Market Risk" par. 25.2 in Chapter 25 of the prescribed book.

11.5.2 Benefits and implementation of Market Risk Management

By implementing a sound system of market risk management strategies in a business, will give rise to definite benefits.

Study the sections on "Benefits of Market Risk Management" and "Implementation of Market Risk Management" par. 25.3 to 25.4 in Chapter 25 of the prescribed book.

11.5.3 Market structure

A market structure can be seen as the characteristics of a market that can determine business behaviour. The following five characteristics have been indentified:

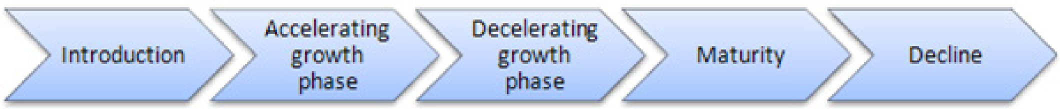
- Number of firms - The number of firms in the market and their relative sizes
- Barriers to entry - the ease or difficulty with which new entrants might enter the market.
- Product homogeneity, diversity and branding - The extent to which goods are similar
- Knowledge - The extent to which all businesses in the market share the same knowledge
- Interrelationships within markets - The extent to which the actions of one business will affect another business (Bargaining power of suppliers and buyers)

Read the section in par. 25.5 in the prescribed book. Students must be able to discuss the five characteristics.

11.5.4 Product life cycle stage

It is important for a business to understand a product's life cycle stages. A product life cycle stage grows in an S-shaped manner and will then decline to be replaced by a new product. A product life cycle can grow according to five different stages. Refer to Figure 10 below.

Figure 10: Five product life cycle stages



Read par. 25.6, and refer to Figure 25.3 in the prescribed book to understand how a product life cycle progresses.

11.5.5 Alternative strategic directions

The alternative strategic directions for a business can be seen as the following: to grow the business, do nothing or withdraw. Thus, a business plan can be developed to expand a business in four possible directions.

- Market penetration: Sell more of the same to the same market.
- Product development: Sell new products to existing customers.
- Market development: Seek out new markets for existing products.
- Diversification: Sell new products to new groups of customers.

Read the sections in par. 25.7 and Figure 25.4 in the prescribed book. Students must be able to discuss the alternative strategic directions.

11.5.6 Acquisition

Read par. 25.8 in the prescribed book.

11.5.7 Competition

An oligopolistic market can be characterised by price stability, non-price competition (product, price, promotion and place), branding and certain market strategies.

Read par. 25.9 and refer to Figure 25.5 in the prescribed book.

11.5.8 Price elasticity/sensitivity

Price elasticity can be seen as the sensitivity of demand to changes in price. It is measured by dividing change in demand by the percentage change in price. If demand is not sensitive to price, the business will increase processes to increase revenue, because the increase in prices leads to a smaller decrease in quantity demanded.

Read par. 25.10 in the prescribed book.

11.5.9 Market risk measurement: Value at risk

Value at risk can be defined as the calculation of the worst possible loss that might be expected at a given confidence level over a given time period under normal market conditions. In calculating value at risk, the following methods can be used as discussed by Chapman:

- Historical Simulations Method
- Variance-Covariance or Analytical Method
- Monte Carlo Method

Read par. 25.12 in the prescribed book. Students must be able to understand the concept value at risk.

11.5.10 Risk response planning

A business must clearly set out how market risk will be evaluated throughout the business. Clear responsibilities, roles and authority levels must be distinguished within each management strategy for market risk. Broad strategies must be implemented in the advertising, research and development, product development and diversification sections within the business. Risk mitigation techniques for market risk will involve risk identification, measurement and reporting. It is also very important for a business to take out an insurance policy. Refer to par. 25.13 in the prescribed book. Students must be able to explain the risk response strategies for market risk.

SUMMARY (MARKET RISK)

A business needs to understand the market structure and with it the opportunities and threats from existing and potential competitors. Similarly, a business must adapt and understand changes in the market environment. Market risk must be addressed as a primary source of opportunities and risks in the ERM process. The next section deals with social risk.

11.6 SOCIAL RISK

Social risk can be defined as "the society's impact on business, and not vice versa (Chapman, 2012). Social risks are seen as social aspects that have an impact on a business' performance over which the business have no ability to control and minimal opportunity to influence. It is important for a business to understand the characteristics, lifestyle choices and social attitudes of its workforce. Workforces are assumed to take on the behaviours, habits and social cultures within which they work, function and live. Refer to par. 26.1 in the prescribed book.

11.6.1 Scope of Social Risk

There are seven identified sources of risks when dealing with social risk.

Study the section on the "Scope of Social Risk" par. 26.2 in Chapter 26 of the prescribed book.

11.6.2 Benefits and implementation of Social Risk Management

Implementing a sound system of social risk management strategies in a business will give rise to certain benefits.

Study the sections on "Benefits of Social Risk Management" and "Implementation of Social Risk Management" par. 26.3 to 26.4 in Chapter 26 of the prescribed book.

11.6.3 Factors that may influence social risk within a business

- Education,
- Population movements: demographic changes,
- Social-cultural patterns and trends,
- Crime,

- Lifestyles and social attitudes;
  - Home improvements
  - Motherhood, marriage and family formation
  - Health
  - Less healthy diets
  - Smoking and drinking
  - Long working hours
  - Stress levels
  - Recreation and tourism

Read the sections under par. 26.5 to 26.9 in the prescribed book. Students will be required to list the different factors.

SUMMARY (SOCIAL RISK)

The lifestyle habits of employees and their priorities reflect on the characteristics of the workforce. It is important for a business to understand the social threats, opportunities and needs of employees that may have an impact on the business. Some lifestyle habits of employees for example smoking, drinking and excessive eating habits can have an impact on the employee's performance through loss of concentration, commitment and energy, which can also lead to frequent absence at work. A business must be able to identify and act on the social needs of its employees.

SELF ASSESSMENT

(1) *With the aid of examples, discuss the factors that determine the successful implementation of a sound system of economic risk management.*
(2) *"Climate change is widely recognised as one of the key environmental challenges facing the world today". Discuss this statement with reference to environmental risk management.*
(3) *Discuss why employment is an important determinant of legal risk.*
(4) *Distinguish between macro political and micro political risks.*
(5) *List the eight different sources of market risk and opportunity.*
(6) *Discuss the benefits of market risk management.*
(7) *Discuss the trends in the implementation of social risk management.*

SUMMARY

Topic 4 discussed the six-macro factors that affect the business operating environment namely economic risk, environmental risk, legal risk, political risk, market risk and social risk. The scope of external assessment embraces the analysis of opportunities and threats affecting a business. Economic factors have direct impact on the potential attractiveness of various businesses while concerns with regard to climate change have led to an increasing array of laws and incentive structures that affect the way in which businesses operate.

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APPENDIX 1: ADDITIONAL INFORMATION TO STUDY UNIT 2

King's Counsel*

King III at a glance

Steering point

The King Committee on governance issued the King Report on Governance for South Africa – 2009 (the "Report") and the King Code of Governance Principles – 2009 (the "Code"), together referred to as "King III" on 1 September 2009.

The issuance of King III was necessitated by the new Companies Act of South Africa[1] and changes in international governance trends since the release of the second King Report on Corporate Governance for South Africa (King II) in 2002.

[1]The Companies Act, 2008 (which constitutes the redraft of the Companies Act, 1973) was assented to and signed by the President on 8 April 2009. The Act will come into operation on a date which is yet to be fixed by the President.

In this Steering Point we focus on the key changes from King II. The next edition on King III will contain a King III disclosure checklist

*connectedthinking

PRICEWATERHOUSECOOPERS

1. Applicability of King III

King III applies to all entities regardless of the manner and form of incorporation or establishment. The principles, if adhered to, will result in any entity practising good governance. For that reason, the Code does not address the application of its principles and each entity will have to consider the approach that best suits its size and complexity. Application of the Code may however be mandated by law or regulation (such as by the JSE Limited Listings Requirements).

The terms "company", "boards" and "directors" refer to the functional responsibility of those charged with governance in any entity and should be adapted as appropriate. Furthermore as certain aspects of governance are legislated in the Companies Act and the Public Finance Management Act, the use of instructive language is important in reading and understanding the Report and Code. The word "must" indicates a legal requirement. In aspects where it is believed the application of the Code will result in good governance, the word "should" is used. The word "may" indicates areas where certain practices are proposed for consideration.

2. Governance framework – "Apply or explain"

King III follows an "apply or explain" approach. Where entities have applied the Code and best practice recommendations in the Report, a positive statement to this effect should be made to stakeholders. In situations where the board of directors (the "board") or those charged with governance decide not to apply a specific principle and/or recommendation, this should be explained fully to the entity's stakeholders.

3. Structure of King III – Code and Report

All entities should apply both the principles in the Code and the best practice recommendations in the Report. Each principle is of equal importance and together forms a holistic approach to governance. Consequently, 'substantial' application of the Code and Report does not achieve compliance.

4. King III – Key risk and reporting implications

4.1 Integrated reporting

King II had a chapter dedicated to integrated sustainability reporting. The concept of reporting on economic, social and environmental performance (the so-called "triple bottom line") is thus not new. However, there is growing global and local attention to sustainability issues.

King III requires the statutory financial information and sustainability information to be integrated in the "integrated report". An integrated report should be prepared annually.

The integrated report should have sufficient information to record how the company has positively and negatively affected the economic life of the community in which it operated during the year under review. The report should also contain forward-looking information on how the board believes it can enhance the positive aspects and negate the negative aspects that affect the economic life of the community in which it operates, in the future.

Integrated reporting cannot however be a matter of collating sustainability information and reporting at year end – sustainability reporting should be integrated with other aspects of the business process and managed throughout the year.

Assurance on sustainability reporting

King III requires that a formal process of assurance with regard to sustainability reporting should be established. The audit committee should recommend to the board the need to engage an external assurance provider to provide assurance over material elements of the sustainability part of the integrated report.

The board is responsible for the integrity of integrated reporting. However, it may assign the overseeing of sustainability issues in the integrated report to the audit committee. The audit committee should also assist the board in their review of the sustainability reporting by ensuring that the information is reliable and that no conflicts or differences arise when compared to the financial results.

Impact on companies, boards and audit committees

- Companies will be required to dedicate time and resources to the preparation of the integrated report.
- Integrated reporting entails more than a mere "add-on" of economic, social and environmental information in the annual report – sustainability reporting should be embedded in the organisation.
- The responsibility of the audit committee has been extended beyond financial reporting to include sustainability reporting.
- The expansion of responsibilities of audit committees has a direct impact on the required skill set of the committee.

4.2 Combined assurance

Management, internal assurance providers (such as internal audit) and external assurance providers (such as external audit) are role-players in providing assurance to the board over risks in an enterprise.

A combined assurance model effectively co-ordinates the efforts of management and internal and external assurance providers, increases their collaboration and develops a shared and more holistic view of the organisation's risk profile. A combined assurance model aims to be the antidote to "assurance fatigue" which can result from an uncoordinated assurance approach.

King III tasks the audit committee with the responsibility of monitoring the appropriateness of the company's combined assurance model and ensuring that significant risks facing the company are adequately addressed.

Impact on companies, boards and audit committees

- An assessment of in-house skills and the qualifications/ track record of external assurance providers should be performed.
- Audit committees to coordinate the utilisation of appropriate assurance providers in the assurance model to provide assurance on the identified risks.
- A combined assurance model may result in the increased utilisation of external assurance providers.

4.3 Annual review of internal financial controls

King III requires the audit committee to conclude and report annually to the stakeholders and the board on the effectiveness of internal financial controls. This statement should be supported by a formally documented annual review of internal financial controls performed by internal audit. The audit committee should determine the nature and extent of the formal documented review.

To the extent that material weaknesses in financial control that resulted in actual material financial loss, fraud or material errors are identified, these should be reported to the board and stakeholders.

In contrast to, for example, the Sarbanes-Oxley Act, King III does not require external attestation on internal financial controls.

Process of reporting on internal financial controls

Audit committee to determine the nature and extent of an annual review of internal financial controls

↓

Internal audit to conduct a formal documented review of internal financial controls

↓

Internal audit to report to the audit committee on the effectiveness of internal financial controls

↓

Audit committee to holistically consider all information from management, internal audit, and external assurance providers and report their conclusion on internal financial controls to the board and stakeholders

Impact on companies, boards and audit committees

- Increased time and resource commitments for audit committees, management and internal audit regarding a formally documented review of internal financial controls.
- Audit committees should assess the adequacy of available skills to conduct internal financial control reviews.
- The audit committees conclusions on the effectiveness of internal financial controls are on public record.
- Does the internal audit function possess the necessary and diverse skills required to give assurance to the audit committee?

4.4 Risk–based internal audit

King II acknowledged the role of an effective internal audit function in good corporate governance. King III emphasises that internal audit should follow a risk based approach to its plan. The chief audit executive's (CAE) internal audit planning should take the form of an assessment of the risks and opportunities facing the company and should:

- align with the company's risk assessment process (considering the risk maturity of the company);
- focus on providing an assessment of the company's control environment;
- consider the company's risks and opportunities identified by management and other key stakeholders;
- take cognisance of industry relevant emerging issues; and
- discuss the adequacy of the resources and skills available to the CAE with the audit committee.

Impact on companies, boards and audit committees

- Internal audit planning and approach should be risk-based rather than compliance-based.
- A CAE of appropriate stature, who has the respect and cooperation of the board and management, should be appointed.
- Internal audit reporting lines should be evaluated – internal audit should report functionally to the audit committee chairman in order to allow it to remain independent and objective to ensure it fully achieves its responsibilities.
- The CAE should have a standing invitation (as an invitee and not a member of the committee) to any of the executive or other comittee meetings.

4.5 IT governance

IT governance is dealt with in detail in King III for the first time. In exercising their duty of care, directors should ensure that prudent and reasonable steps have been taken in regard to IT governance.

IT governance should focus on:

- strategic alignment with performance and sustainability objectives of the company;
- development and implementation of an IT governance framework;
- value delivery: concentrating on optimising expenditure and proving the value of IT;
- risk management: addressing the safeguarding of IT assets, disaster recovery and continuity of operations; and
- the protection and management of information.

Impact on companies, boards and audit committees

- The board should operate with IT governance in mind.
- IT should be on the board agenda.
- IT performance should be measured and reported to the board.
- The board may consider appointing an IT steering committee or similar function to assist with its governance of IT.
- The risk committee has the responsibility to oversee the broader risk implications of IT. The audit committee should consider IT as it relates to financial reporting and the going concern assumption.

5. Other new concepts/topics introduced in King III

5.1 Shareholder approval of remuneration policies

King III requires the board (with the assistance of the remuneration committee) to put forward a policy of remuneration to the shareholders. The vote on the policy is a non-binding advisory vote which enables shareholders to express their views on the remuneration policy.

5.2 Directors' performance evaluation

While King II recommended the self-evaluation of the board, its committees and the contribution of each individual director, King III requires the board to consider whether the evaluation of performance should be done in-house or conducted professionally by independent service providers, subject to legislative requirements.

5.3 Business rescue

A section on business rescue has been included in the Boards and Directors chapter to address governance in business rescue proceedings. In summary, King III requires the board to commence business rescue proceedings as soon as the company is financially distressed.

5.4 Alternative dispute resolution (ADR)

King III recognises that ADR has become an important element of good governance. This is in line with the Companies Act which offers parties the option of resolving disputes through ADR. King III favours mediation or conciliation and, failing that, arbitration. Benefits of ADR over more traditional dispute resolution processes, such as referral to a court or utilisation of formal dispute resolution institutions created by statute (for example the Companies Tribunal), include reaching conclusions faster, the ability to conduct ADR processes in private and the opportunity for creative or novel solutions.

Mediation is not defined in the Act but may be defined as a process where parties in dispute involve the services of an acceptable, impartial and neutral third party to assist them in negotiating a resolution to their dispute, by way of a settlement agreement. The mediator has no independent authority and does not render a decision. All decision making powers in regard to the dispute remain with the disputing parties.

Conciliation is similarly not defined in the Act. Conciliation is a structured negotiation process involving the services of an impartial third party. The conciliator will, in addition to playing the role of a mediator, make a formal recommendation to the parties as to how the dispute can be resolved.

6. Highlights of selected chapters

6.1 Boards and directors - Comparison with King II

	King III	King II
Board structure	Similar to King II.	Unitary board structure with executive directors and non-executive directors interacting in a working group
Composition of the board	The board should comprise a balance of executive and non-executive directors, with a majority of non-executive directors. The majority of non-executive directors should preferably be independent.	The board should comprise a balance of executive and non-executive directors, **preferably** with a majority of non-executive directors of whom **sufficient** should be independent of management.
Executive director	Similar to King II.	An individual who is involved in the day-to-day management and/or is in the full time salaried employment of the company and /or any of its subsidiaries.
Non-executive director	Similar to King II.	An individual not involved in the day-to-day management and not a full-time salaried employee of the company or of its subsidiaries. An individual in the full-time employment of the holding company or its subsidiaries, other than the company concerned, would also be considered to be a non-executive director unless such individual by his/her conduct or executive authority could be construed to be directing the day-to-day management of the company and its subsidiaries.

	King III	King II
Independent non-executive director	A non-executive director who: i. Is not a representative of a **shareholder** who has the ability to control or significantly influence management; ii. Similar to (ii) in King II; iii. Similar to (iii) in King II; iv. Similar to (iv) in King II; v. Is free from any business or other relationship which could be seen to **interfere materially** with the individual's capacity to act in an independent manner. vi. Does not have a direct or indirect interest in the company (including any parent or subsidiary in a consolidated group with the company) which is either material to the director or to the company. A holding of five percent or more is considered material; and vii. Does not receive remuneration contingent upon the performance of the company.	A non-executive director who: i. Is not a representative of a **shareowner** who has the ability to control or significantly influence management; ii. Has not been employed by the company or the group of which it currently forms part, in any executive capacity for the preceding three financial years; iii. Is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the company or the group in an executive capacity; iv. Is not a professional advisor to the company or the group other than in a director capacity; v. Is free from any business or other relationship which could be seen to **materially interfere** with the individual's capacity to act in an independent manner; vi. Is not a significant supplier to, or customer of the company or group; and vii. Has no significant contractual relationship with the company or group.
Minimum number of directors on the board	As a minimum, two executive directors should be appointed to the board, being the chief executive officer and the director responsible for the finance function. For listed companies, a financial director must be appointed to the board from June 2009.	Not addressed.
Frequency of board meetings	Similar to King II.	The board should meet regularly, at least once a quarter if not more frequently as circumstances require.

	King III	King II
Rotation of non-executive directors	A programme ensuring staggered rotation of non-executive directors should be put in place. Rotation of board members should be structured so as to retain valuable skills, to have continuity of knowledge and experience and to introduce persons with new ideas and expertise. At least one third of non-executive directors should retire by rotation at the company's AGM or other general meetings. The retiring board members may be re-elected, provided they are eligible.	Rotation of non-executive directors not addressed specifically. Regarding rotation of directors in general: There should be an effective programme of continuing rotation of appointments in respect of each individual director. All companies should adopt a process of staggered continuity and re-election of their boards to ensure continuity of experience and knowledge.
Removal of CEO	The memorandum of incorporation of the company should allow the board to remove any director from the board, including executive directors, without shareholder approval being necessary.	Not addressed.
Chairman of the board	The chairman of the board **should be** an independent non-executive director. The chairman of the board **should not** be the CEO.	The chairperson should **preferably be** an independent non-executive director. It is **preferable** that the chairperson and the CEO functions are kept separate.
Lead independent non-executive director	Should be appointed if the chairman of the board is not independent and free of conflicts of interest on appointment.	Consideration should be given to appointing a senior independent or "lead" director to fulfil a role where any difficulties or conflicts arise between the non-executive component of the board and the executives, as well as in assisting the chairperson in fulfilling his tasks where required. Such an appointment should be considered where the roles of the chairperson and the CEO are combined, or even where both the chairperson and deputy chairperson might be executive directors.
Share options for non-executive directors	Non-executive directors **should not** receive share options.	Share options **may be** granted to non-executive directors but must be the subject of prior approval of shareowners.
Board committees	Unless legislated otherwise, the board should appoint the audit, risk, remuneration and nomination committees as standing committees. Smaller companies need not establish formal committees to perform these functions but should ensure that these functions are appropriately addressed by the board.	All companies should have, as a minimum, audit and remuneration committees.

6.2 Chairman of the board, CEO and membership/chairmanship of board committees

Summary of King III requirements:

	Member of the audit committee	Member of the remuneration committee	Chairman of the remuneration committee	Member of the nomination committee	Chairman of the nomination committee	Member of the risk committee	Chairman of the risk committee
Chairman of the board	No[9]	Yes[1]	No	Yes[2]	Yes[3]	Yes[4]	No
Chief Executive Officer	No[5]	No[6]	No	No[7]	No	Yes[8]	No

6.3 Board committees

Board committees should only comprise members of the board. External parties may be present at committee meetings by invitation.

The respective committees' chairmen should give at least an oral summary of their committee's deliberations at the board meeting following the committee meeting.

	Audit committee	Remuneration committee	Nomination committee	Risk committee
Chairman	Independent non-executive director	Independent non-executive director	Independant non-executive director	Not specified in King III
Membership	All members must be board members All members should be independent non-executive directors	All members must be board members Majority should be non-executive directors Majority of non-executive directors should be independent	All members must be board members Majority should be non-executive directors Majority of non-executive directors should be independent Board chairman to be a member	All members must be board members Executive and non-executive directors

[1] The chairman of the board may be a member of the remuneration committee
[2] The chairman of the board should be a member of the nomination committee
[3] The chairman of the board may chair the nomination committee
[4] The chairman of the board may be a member of the risk committee
[5] The CEO should attend by invitation
[6] The CEO should attend by invitation
[7] The CEO should attend by invitation
[8] King III does not prohibit the CEO from being a member of the risk committee
[9] The chairman of the board may attend audit committee meetings by invitation

6.4 Audit committees - Comparison with King II

	King III	King II
Membership	All members should be independent non-executive directors. Audit committees at subsidiary level that will act as a subcommittee of the holding company may appoint executive directors within the group as audit committee members provided the directors are non-executive in relation to the specific subsidiary.	Majority of the members should be independent non-executive directors. Audit committees at subsidiary level not addressed.
Minimum number of members	Audit committees should consist of at least three members.	Not addressed.
Qualifications	The audit committee as a whole should have a good understanding of: • integrated reporting, including financial reporting, and sustainability issues • internal financial controls • internal and external audit processes • corporate law and risk management • IT governance as it relates to integrated reporting • the governance processes within the company.	Majority of members should be financially literate.
Frequency of meetings	As frequently as is necessary, but at least twice a year.	Not addressed.
Responsibility regarding sustainability reporting	The board may assign the overseeing of sustainability issues in the integrated report to the audit committee. The audit committee should assist the board in reviewing the sustainability reporting to ensure that the information is reliable and that no conflicts or differences arise when compared with the financial results. The audit committee should consider and recommend to the board the need to engage an external assurance provider to provide assurance over the accuracy and completeness of sustainability reporting.	Not addressed.

7. Our services

Directors Suresh Kana and Anton van Wyk serve on the King Committee and chaired the King III Accounting and Auditing and Internal Audit subcommittees respectively. Suresh, Anton, directors Alison Ramsden and Rob Newsome, supported by other corporate governance experts, have the necessary expertise to assist you in the application of the King III requirements. Our services in this area include:

- advising companies on governance and ethics,
- advising on effectiveness of internal audit,
- providing an outsourced internal audit function,
- assisting with risk management solutions,
- sustainability reporting assurance.

For further information, please contact your PwC engagement partner or any of the following:

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Source: King III at a glance (PwC,2009)

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King IV™ An outcomes-based corporate governance code fit for a changing world

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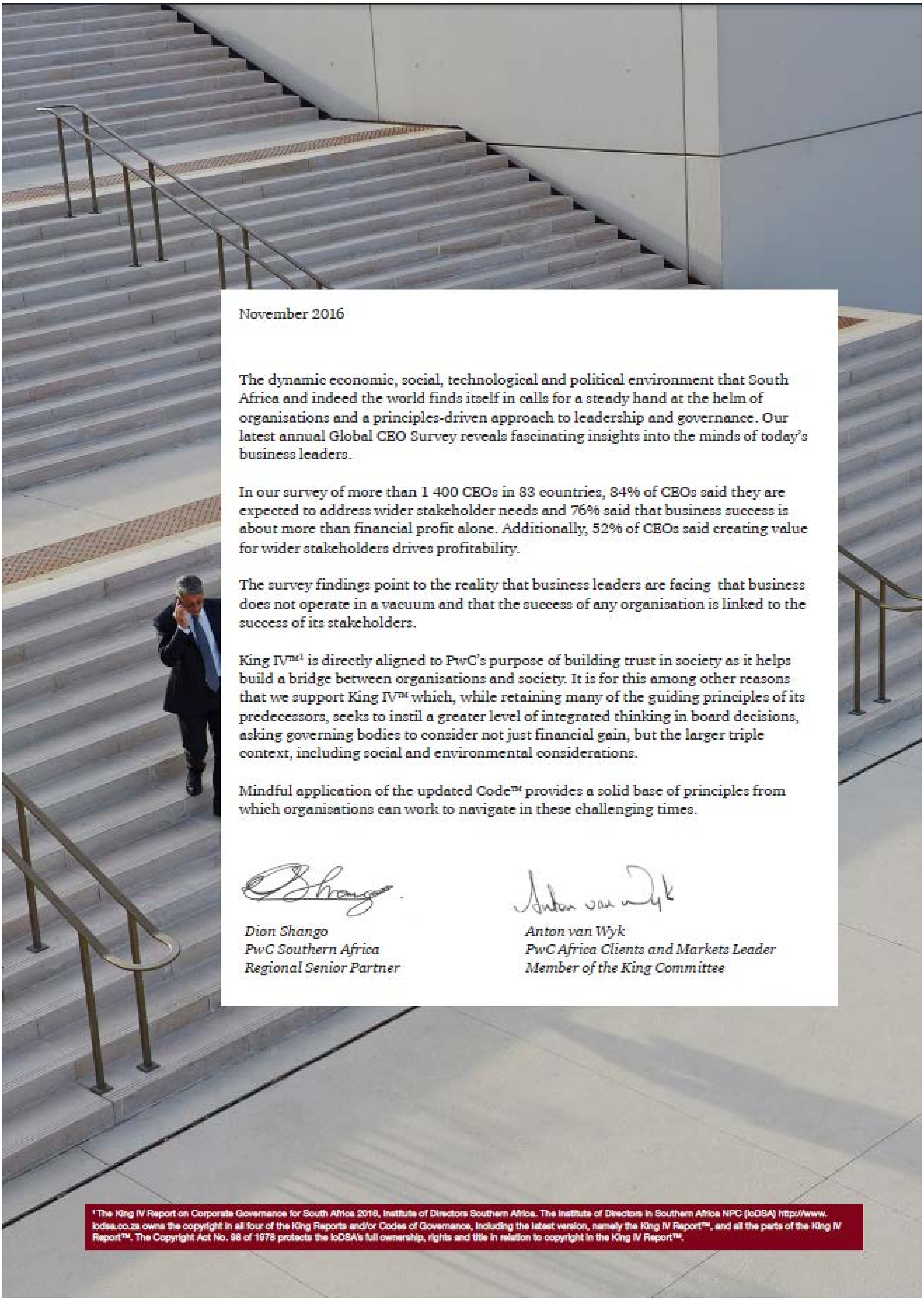


November 2016

The dynamic economic, social, technological and political environment that South Africa and indeed the world finds itself in calls for a steady hand at the helm of organisations and a principles-driven approach to leadership and governance. Our latest annual Global CEO Survey reveals fascinating insights into the minds of today's business leaders.

In our survey of more than 1 400 CEOs in 83 countries, 84% of CEOs said they are expected to address wider stakeholder needs and 76% said that business success is about more than financial profit alone. Additionally, 52% of CEOs said creating value for wider stakeholders drives profitability.

The survey findings point to the reality that business leaders are facing that business does not operate in a vacuum and that the success of any organisation is linked to the success of its stakeholders.

King IV™[1] is directly aligned to PwC's purpose of building trust in society as it helps build a bridge between organisations and society. It is for this among other reasons that we support King IV™ which, while retaining many of the guiding principles of its predecessors, seeks to instil a greater level of integrated thinking in board decisions, asking governing bodies to consider not just financial gain, but the larger triple context, including social and environmental considerations.

Mindful application of the updated Code™ provides a solid base of principles from which organisations can work to navigate in these challenging times.

Dion Shango
PwC Southern Africa
Regional Senior Partner

Anton van Wyk
PwC Africa Clients and Markets Leader
Member of the King Committee

[1] The King IV Report on Corporate Governance for South Africa 2016, Institute of Directors Southern Africa. The Institute of Directors in Southern Africa NPC (IoDSA) http://www.iodsa.co.za owns the copyright in all four of the King Reports and/or Codes of Governance, including the latest version, namely the King IV Report™, and all the parts of the King IV Report™. The Copyright Act No. 98 of 1978 protects the IoDSA's full ownership, rights and title in relation to copyright in the King IV Report™.

"The 21st Century has been characterised by fundamental changes in both business and society. These fundamental changes provided the context within which the King Committee set out to draft King IV, and have influenced both its content and approach."
– Mervyn E King SC
Chair of the King Committee

The Institute of Directors in Southern Africa NPC released the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™) on 1 November 2016.

Disclosure on the application of King IV™ is effective in respect of financial years starting on or after 1 April 2017, but the King IV Report™ encourages immediate transition.

King IV™ replaces King III in its entirety.

Overview and summary

If one was asked to summarise King IV™ in one word, 'transparency' would come to mind. King IV™ builds on its predecessors' positioning of sound corporate governance as an essential element of good corporate citizenship. Good corporate governance requires an acknowledgement that an organisation doesn't operate in a vacuum, but is an integral part of society and therefore has accountability towards current and future stakeholders. With the introduction of an 'apply and explain' regime, King IV™ asks organisations to be transparent in the application of their corporate governance practices.

King IV™ reinforces the notion that good corporate governance is a holistic and interrelated set of arrangements to be understood and implemented in an integrated manner – good governance is not a *tick-box* or compliance exercise. King IV™ asks for mindful application of the King IV Code™ and for its recommended practices to be interpreted and applied in a way that is appropriate for the organisation and the sector in which it operates. Mindful application harnesses the benefits of corporate governance in the interests of the organisation.

The legal status of King IV™, as with its predecessors, is that of a set of voluntary principles and leading practices. In South Africa, a hybrid system of corporate governance has developed over time – some practices of good governance have been legislated (for example in the Companies Act, 2008) in parallel with the voluntary King Code™ of governance. If there is a conflict between legislation and the King Code™, the law prevails.

Good governance, however, does not exist separately from the law: The courts consider all relevant factors in determining the appropriate standard of conduct for those charged with governance duties, including what the generally-accepted practices for a particular setting and situation are.

The more widely recommended practices in codes of governance are adopted, the more likely it is that a court would regard conduct that conforms to these practices as meeting the required standard of care. In this way, the provisions of voluntary codes of governance find their way into jurisprudence to become part of the common law. Consequently, failure to meet an established corporate governance practice, albeit not legislated, may invoke liability.

King IV™ does not represent a significant departure from the philosophical underpinnings of King III. Concepts that were introduced by King III and earlier versions of the report, such as ethical and effective leadership, the organisation being an integral part of society, corporate citizenship, sustainable development, stakeholder inclusivity and integrated annual reports have remained, but have been refined in King IV™.

King IV™ advocates integrated thinking, which takes account of the connectivity and interdependencies between the range of factors that affect an organisation's ability to create value over time.

Integrated thinking underpins all of the following:

- Seeing the organisation as an integral part of society and thus as a corporate citizen;
- Stakeholder inclusivity;
- Sustainable development; and
- Integrated reporting.

King IV™ is, similar to King III, drafted for application by all organisations. Additional sector supplements have also been introduced in King IV™ with the purpose of providing high-level guidance and direction on how the King IV Code™ should be interpreted and applied by a variety of sectors and organisational types.

King IV™ in a nutshell

- A set of voluntary principles and leading practices.
- Drafted to apply to all organisations, regardless of their form of incorporation.
- Sector supplements explain how the King IV Code™ should be applied by certain organisations/sectors.
- Proportionality is explained and advocated.
- King IV™ focuses on outcomes. The King IV Code's™ principles and practices are linked to desired outcomes, therefore articulating the benefits of good corporate governance.
- The Code™ differentiates between principles and practices. Principles are achieved by mindful consideration and application of the recommended practices.
- 'Apply **and** explain' regime (as opposed to 'apply **or** explain' regime in King III).
- New 'look and feel' to the King IV Report™ and King IV Code™.
- Philosophical underpinnings in King III retained but refined in King IV™.
- 'Corporate governance', for purposes of King IV™, has now been defined.
- Key new or enhanced features of King IV™ relate to:
  - Fair, responsible and transparent organisation-wide remuneration;
  - Responsible and transparent tax strategy and policy;
  - Balanced composition of governing bodies and independence of members of the governing body;
  - Delegation to management;
  - Delegation to committees;
  - Corporate governance services to the governing body;
  - Performance evaluations of the governing body;
  - Audit committee disclosures;
  - Risk governance;
  - The combined assurance model;
  - Social and ethics committees;
  - Performance evaluations;
  - Responsible institutional investors; and
  - Technology and information.

New 'look and feel' to the King IV Report™ and the King IV Code™

King IV™ has a very different look and feel to that of King III. King III consisted of the King III *Code*, which contained the Code principles and recommended practices, and a separate King III *Report*, which contained the principles and more detail on the practice recommendations. King IV™ is synonymous with the King IV™ Report, a single document consisting of seven parts.

Structure of the King IV™ Report

Part 1 Glossary of terms	**Part 2** Fundamental concepts	**Part 3** King IV application and disclosure
Part 4 King IV on a page	**Part 5** King IV Code on corporate governance	**Part 6** Sector supplements
	Part 7 Content development process and King Committee	

The King IV Code™ contains ***principles***, ***practices*** and ***governance outcomes*** that interact as follows:

- **Governance outcomes** are the benefits that organisations could realise if the underlying principles – and therefore, ultimately, good governance – are achieved. These governance outcomes are:
  - Ethical culture;
  - Good performance;
  - Effective control; and
  - Legitimacy.
- **Principles** embody the aspirations of the journey towards good governance. They guide what organisations should strive to achieve by the application of governance practices. Principles build on and reinforce one another; they are phrased so that they are fundamental to good corporate governance and hold true across all organisations.
- **Practices** are recommended at the level of leading practice. The practices associated with a particular principle should be applied so that they support and give effect to the aspiration as expressed in that principle. Practices may be scaled in accordance with proportionality considerations.

'Apply and explain' vs 'apply or explain'

The application regime of King IV™ is 'apply and explain': 'Applying' the principles and 'explaining' how they are being effected. The principles are basic and fundamental to good governance and application thereof is therefore assumed.

King IV™ recommends that organisations should provide a narrative explanation of the recommended practices that have been implemented, and how these achieve or give effect to the related King IV™ principle.

The detail of information to be provided in the narrative should be guided by materiality, and should enable stakeholders to make an informed assessment of the quality of the organisation's governance. Disclosure is neither required against each King IV™ recommended practice nor against the King IV™ intended governance outcomes.

King IV™ states that the governing body has the discretion to determine where the King IV™ disclosures will be made; for example in the integrated report, sustainability report, social and ethics committee report, or other online or printed information or reports.

The governing body may also choose to disclose its application of King IV™ in more than one of these reports. Duplication of King IV™ disclosures should be avoided by making use of cross-referencing. Group companies should also make use of cross-referencing to avoid duplicate disclosure.

King IV™ disclosures should be updated at least annually, formally approved by the governing body and be publicly accessible.

In contrast, King III's application regime was 'apply or explain': An explanation was only required by King III where a principle was not applied.

Impact on listed entities

Despite King III's 'apply or explain' requirement, the JSE Limited required listed entities to apply *and explain* their application of the 75 King III principles. The reduction of the number of principles from 75 to 17 in King IV™ therefore lightens the disclosure obligation as it pertains to listed entities.

It is however noteworthy that King IV™ asks for mindful consideration and disclosure about the application of its recommended practices. The focus is on the quality of the King IV™ application explanation rather than on the quantity thereof.

Sector supplements

The sector supplements illustrate how the King IV Code™ should be interpreted and applied in various contexts, situations and legislative regimes. The King IV Report™ does not include supplements for all sectors and categories of organisations. The King Committee decided to issue supplements that were representative of a wide range of sectors and categories of organisations.

Those sectors and categories of organisations for which specific supplements are not provided should consider the particular supplement that is most closely aligned to their organisational structure. The sector supplements should be read together with the remainder of the King IV Report™.

To summarise the linkage between the King IV Code™ and the sector supplements:

- All governance outcomes as per the King IV Code™ apply;
- All principles as per the King IV Code™ apply, with the necessary adaptation of terminology as explained in each supplement; and
- The recommended practices in the King IV Code™ should be considered together with the specific recommendations contained in each supplement and industry or sector codes and guidance issued by professional and industry bodies and regulators. Implementation of practices is subject to applicable legislation and scaling for proportional application as is appropriate for the organisation.

Supplements have been provided for the following sectors:

- Municipalities;
- Non-profit organisations;
- Retirement funds;
- Small and medium enterprises; and
- State-owned entities.

Key new or enhanced features of King IV™

Fair, responsible and transparent organisation-wide remuneration

King IV™ covers remuneration governance in a lot of detail. In this regard, its recommendations focus on:

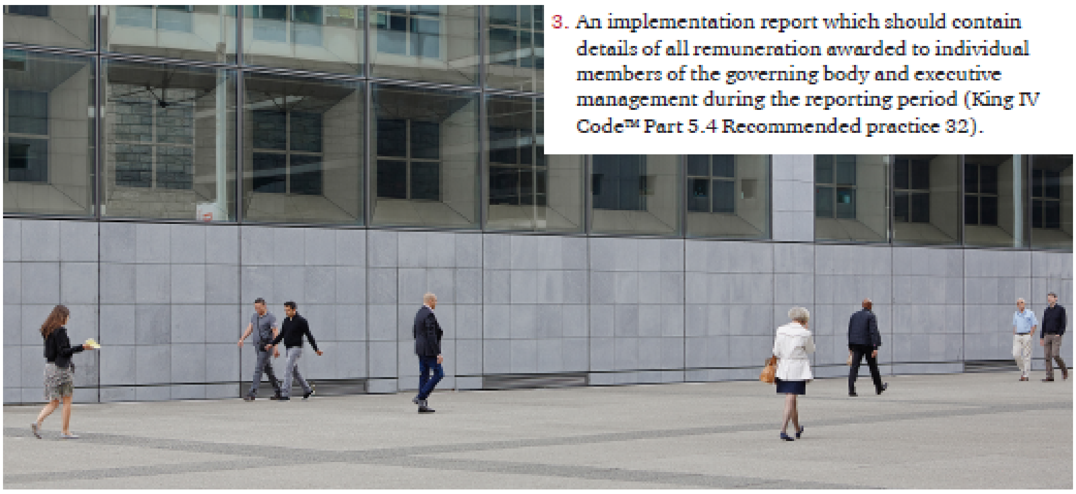
- The responsibility of the governing body for setting an organisation-wide remuneration policy that should articulate and give effect to its direction on fair, responsible and transparent remuneration;
- Remuneration disclosure; and
- Shareholder voting on remuneration policy and implementation.

The remuneration policy should specifically provide for the following:

- Arrangements ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation.
- The use of performance measures that support positive outcomes across the economic, social and environmental context in which the organisation operates and/or all the capitals that the organisation uses or affects; and
- If the organisation is a company, the voting by shareholders on the remuneration policy and implementation report, and for the implementation of related responding measures as outlined in the King IV Report™ (King IV Code™ Part 5.4 Recommended practice 29).

King IV™ recommends disclosure by means of a remuneration report in three parts:

1. A background statement that should briefly provide context for remuneration considerations and decisions;
2. An overview of the main provisions of the remuneration policy; and
3. An implementation report which should contain details of all remuneration awarded to individual members of the governing body and executive management during the reporting period (King IV Code™ Part 5.4 Recommended practice 32).



King IV™ recommends that the remuneration policy and the implementation report should be tabled every year for separate non-binding advisory votes by shareholders at a company's annual general meeting.

The remuneration policy should record the measures that the board commits to take in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised.

Such measures should provide for taking steps in good faith and with best reasonable effort towards, as a minimum, an engagement process to ascertain the reasons for the dissenting votes and appropriately addressing legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes. (King IV Code™ Part 5.4 Recommended practices 37 and 38).

"We see many remuneration committees trying to strike a balance between executive remuneration and stakeholder satisfaction. The Code is looking for the best possible outcome for all interested stakeholders. We think the enhanced transparency of the disclosures recommended together with the voting mechanisms envisaged in the Code will go a long way towards greater accountability and bridging this divide."
– Gerald Seegers
PwC Africa People and Organisation Leader

Responsible and transparent tax strategy and policy

A fundamental concept in King IV™ is that the governing body should be responsible for a tax policy that is compliant with the applicable laws, but that is also congruent with responsible corporate citizenship, and that takes account of reputational repercussions. Responsible and transparent tax policy is put forward as a corporate citizenship consideration in King IV™ (King IV Code™ Part 5.1 Recommended practice 14)

"In a world of increasingly active regulators and other stakeholders who hold organisations accountable, it's essential that organisations have a clear tax strategy that the board has discussed and is prepared to explain to the public if necessary."
– Philip Cronje
PwC Southern Africa Head of Tax Strategy & Operations

Balanced composition of governing bodies and independence of members of the governing body

While previous versions of the King Report addressed the classification of non-executive directors as 'independent', King IV™ contextualises the relevance of independence, namely that:

- *All* members of the governing body, whether they are categorised as executive, non-executive or independent non-executive have, as a matter of law, a duty to act with independence of mind in the best interests of the organisation (King IV Code™ Part 5.1 Recommended practice 1).
- Although important, independence in appearance is one of a number of considerations in achieving balance in the composition of the governing body (King IV Code™ Part 5.3 Recommended practice 6).
- The overriding concern is whether the governing body is knowledgeable, skilled, experienced, diverse and independent enough to discharge its governance role and responsibilities.
- The need for the governing body to set and disclose progress towards targets for race and gender diversity has specifically been included in the Code (King IV Code™ Part 5.3 Recommended practice 30)

King IV™ has enhanced the provisions regarding the classification of non-executive members as 'independent'. It states that non-executive members of the governing body may be categorised as independent if there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interests of the organisation.

The King IV Code™ recommends a consideration of all indicators holistically, and on a substance over form basis for this purpose. The King IV Code™ lists a number of *indicators* that may lead to a conclusion of a lack of independence, rather than reflecting an absolute list of independence criteria (King IV Code™ Part 5.3 Recommended practices 27 and 28).

Delegation to management

King IV™ provides for the governing body to delegate the implementation and execution of approved strategy, through policy and operational plans, to management via the CEO (King IV Code™ Part 5.3 Recommended practice 84).

Rather than dealing with the establishment of specific management positions (such as the appointment of the chief financial officer and chief operating officer) for functional areas, as was done in King III, King IV™ provides recommendations for the governing body to oversee that key functional areas are headed by competent individuals and are adequately resourced (King IV Code™ Part 5.3 Recommended practice 87).

Delegation to committees

Similarly to its predecessor, King IV™ deals with the delegation by the governing body within its own structures. The King IV™ recommended practices do not prescribe which committees should be established by the governing body – the governing body should determine what is appropriate for the organisation (King IV Code™ Part 5.3 Recommended practice 39).

The King IV™ recommendations promote effective collaboration among committees with minimal overlap and fragmentation of duties, as well as a balanced distribution of power (King IV Code™ Part 5.3 Recommended practice 44).

King IV™ does, however, contain considerations regarding the following types of committees, where appropriate for the organisation:

- Audit committee;
- Committee responsible for nominations of members of the governing body;
- Committee responsible for risk governance;
- Committee responsible for remuneration; and
- Social and ethics committee.

Corporate governance services to the governing body

King III dealt with the office of the company secretary in isolation. The premise of King IV™ is that the governing body should ensure that it has access to professional and independent guidance on corporate governance (King IV Code™ Part 5.3 Recommended practice 90).

Audit committee disclosures

King IV™ recommends disclosure on whether the audit committee is satisfied that the auditor is independent of the organisation, which statement should specifically address the policy and controls that address the provision of non-audit services by the external auditor and the nature and extent of the such services; the tenure of the external audit firm; the rotation of the designated external audit partner; and significant changes in the management of the organisation during the external audit firm's tenure that may mitigate the attendant risk of familiarity between the external auditor and management (King IV Code™ Part 5.3 Recommended practice 59).

King IV™ also recommends that the audit committee should disclose its views on audit quality with reference to audit quality indicators (King IV Code™ Part 5.3 Recommended practice 59).

King IV™ furthermore recommends that the audit committee should disclose significant matters that the audit committee has considered in relation to the annual financial statements and how these were addressed by the committee (King IV Code™ Part 5.3 Recommended practice 59). This recommended practice will result in users of the financial statements being presented with the following perspectives on the annual financial statements:

- The perspective of the governing body in preparing the annual financial statements, particularly with regard to significant assumptions that the governing body had made;
- The perspective of the external auditor on matters that the auditor considered to be of most significance in the audit of the annual financial statements and how the audit addressed those matters (for those entities where the auditor will be including key audit matters in the auditor's report); and
- The perspective of the audit committee on the matters it regarded as significant in relation to the annual financial statements and how the audit committee addressed those matters.

"The audit committee fulfils a critical governance role in overseeing the integrity of the annual financial statements. The recommendation in King IV for the audit committee to disclose the significant matters that the committee considered in relation to the annual financial statements, and how these matters were addressed by the audit committee, will provide stakeholders with insight into how the audit committee discharged its duties, and pinpoint the areas or items on which the audit committee focused its efforts. The King IV recommendation dovetails with recent reforms to the external auditor's report."
– Pule Mothibe
PwC Southern Africa Assurance Leader

Risk governance

'Risk' is defined in King IV™ as follows:

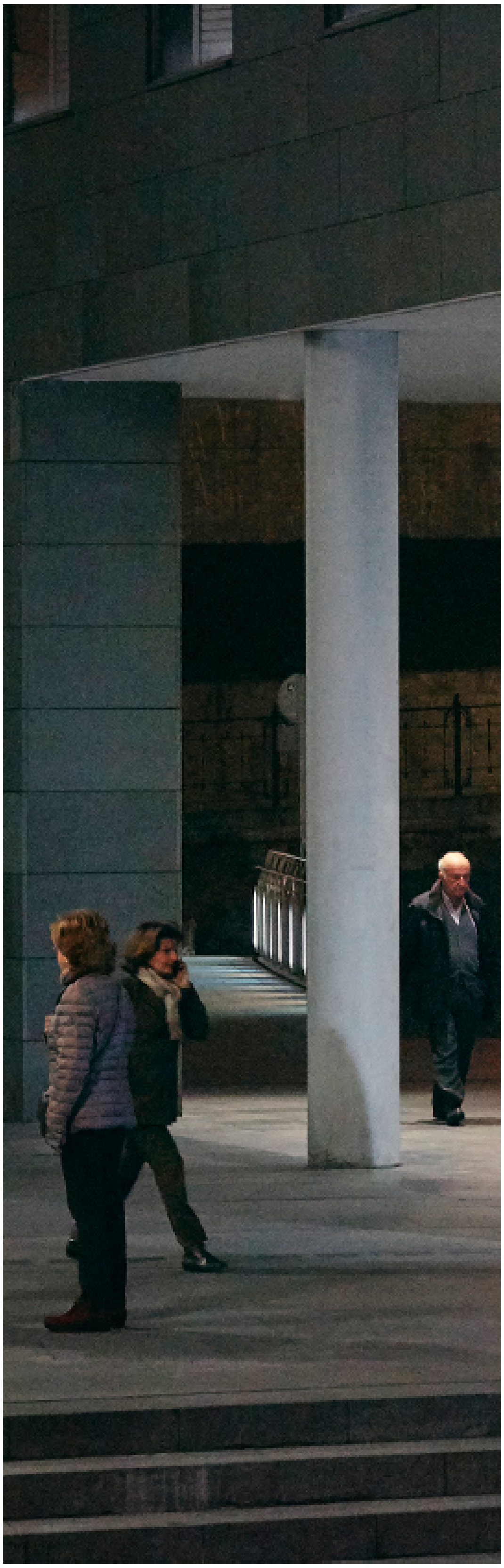
Risk is about the uncertainty of events; including the likelihood of such events occurring and their effect, both positive and negative, on the achievement of the organisation's objectives. Risk includes uncertain events with a potential positive effect on the organisation (i.e. opportunities) not being captured or not materialising.

King IV™ thus recognises the potential opportunities inherent in some risks while also recognising that opportunities do not always originate from risks facing an organisation. To address the need to strengthen risk governance so as to address rising complexity relating to risk, King IV™ recommends that the risk committee should comprise a majority of non-executive members of the governing body, which goes beyond what King III recommended (King IV Code™ Part 5.3 Recommended practice 64).

Combined assurance model

King III introduced the combined assurance model. King IV™ expands on this concept by indicating that a combined assurance model incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment; support the integrity of information used for decision-making by management, the governing body and its committees; and support the integrity of the organisation's external reports (King IV Code™ Part 5.4 Recommended practice 40). The King IV recommendations do not prescribe the design of the model, but allow for the governing body to exercise its judgement in this regard (King IV Code™ – Part 5.4 Recommended practices 40 – 43).

"The increased focus on accountability means that the organisation's external reporting has been propelled further into the limelight. This, combined with the need for quality information for decision-making in an integrated manner, means that the quality of the organisation's internal controls around information have become critical. As the overseers of this system, the audit committee has become a critical element of good governance."
– Shirley Machaba
PwC Africa Internal Audit and Risk Leader



Social and ethics committees

King IV™ expands on the role of the social and ethics committee as provided for in the Companies Act, 2008 and ascribes the role of oversight of and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to this committee (King IV Code™ Part 5.3 Recommended practice 68).

King IV™ encourages organisations that are not required by law to establish such a committee to allocate such oversight to a dedicated committee or to add it to the responsibilities of another committee as is appropriate for the organisation (King IV Code™ Part 5.3 Recommended practice 68).

King IV recommends a higher standard for the composition of this committee than is required in the Companies Act. King IV recommends that a majority of the committee members should be non-executive members of the governing body so as to ensure that independent judgement is brought to bear (King IV Code™ Part 5.3 Recommended practice 70).

"As a society we are still moving towards redressing the imbalances of the past, be those social, economic or environmental. The role of organisations, particularly through the social and ethics committee, in doing so, and in considering future sustainability, cannot be underplayed."
– Jayne Mammatt
PwC Africa Sustainability and Climate Change Leader

Performance evaluations

Where King III recommended an evaluation of the governing body, its committees and its individual members be conducted annually, King IV™ recommends that a formal evaluation process be conducted at least every two years (King IV Code™ Part 5.3 Recommended practice 73).

The governing body should schedule in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its chair and its members as a whole, in every alternate year (King IV Code™ Part 5.3 Recommended practice 74).

Responsible institutional investors

King IV™ sets out in principle 17 that the governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests. While the King IV Code™ itself doesn't specifically refer to the Code for Responsible Investing in South Africa (CRISA), Part 2 of King IV™ indicates that responsible investing principles and practices are set out in CRISA, which accord with the Principles on Responsible Investing and the International Corporate Governance Network Global Stewardship Code.

Technology and information

King IV™ acknowledges the rapid advances in technology and its potential to result in significant disruption, opportunity and risks. King IV recommends practices to assist the governing body with technology governance (King IV Code™ Part 5.4 Recommended practices 10 – 17).

King IV™ recognises that information and technology overlap but are also distinct sources of value creation that pose individual risks and opportunities. To reinforce this distinction, the section in the King IV Code™ refers to 'technology and information' rather than 'information technology'.

"Boards face a delicate balancing act. They are aware of the need to secure business assets, yet cannot afford to relinquish opportunities in doing so. We think the King IV principles are broad enough to focus on both protection and growth."
– Sidriaan de Villiers
PwC Africa Cybersecurity Leader

King IV™ on a page

Leadership by the governing body	Principles		Practices	Governance outcomes
These are the governing body's primary governance role and responsibilities	**Principles embody the aspirations of the journey towards good corporate governance** **They guide organisations on what they should strive to achieve by the application of governance practices**		**Practices support and give effect to the principles**	**These are the benefits that organisations could realise through good governance**
	Principle 1	The governing body should lead ethically and effectively.		
	Principle 2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.		
	Principle 3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.		
Steers and sets strategic direction	Principle 4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.		Ethical Culture
	Principle 5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.		
	Principle 6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.		
	Principle 7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.		
Approves policy and planning	Principle 8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.		Good performance
	Principle 9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	Practices	
	Principle 10	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.		
Oversees and monitors	Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.		
	Principle 12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.		Effective control
	Principle 13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.		
	Principle 14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.		
Ensures accountability	Principle 15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.		
	Principle 16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.		Legitimacy
	Principle 17	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.		

APPENDIX 1: ADDITIONAL INFORMATION TO STUDY UNIT 2

CORPORATE GOVERNANCE

Introduction

Effective corporate governance practices are essential to achieve and maintain public trust and confidence, which are critical to the proper functioning of the economy as a whole. Poor corporate governance may contribute to organisational failures, which can pose significant public costs and consequences due to their potential impact on the broader macroeconomic implications.

There are a number of definitions for corporate governance. The UK Cadbury Commission Report on Corporate Governance, 1992, gives the following definition: "Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability of the stewardship of these resources. The aim is to align as nearly as possible the interests of individuals, corporations and society."

The OECD Principles of Corporate Governance states: *"Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined."*

It is clear from the above definitions that corporate governance is the practice by which organisations are managed and controlled.

The process includes:

- The creation and ongoing monitoring of a system of checks and balances to ensure a balanced exercise of power within the organisation.
- The implementation of a system to ensure compliance with its legal and regulatory obligations.
- The implementation of processes whereby risks to the sustainability of an organisation's business are identified and agreed within agreed parameters.
- The development of practices which make and keep the company accountable to the broader society in which it operates.

THE SOUTH AFRICAN FRAMEWORK

Introduction

Corporate governance in South Africa was institutionalised by the publication of the King Report on Corporate Governance in 1994. The King Committee on Corporate Governance was formed in 1992 under the auspices of the Institute of Directors, to consider corporate governance of increasing interest around the world, in the context of South Africa. The purpose of the King Report 1994 was to promote the highest standards of corporate governance in South Africa.

The King Report was updated in 2001 and a third report was published in 2009. The new Companies Act and changes in international governance trends necessitated the third report on corporate governance in South Africa.

Extracts of the code that is relevant to this course and will be discussed below are the governance of risk, the audit committee, compliance with laws and internal audit.

Governance of risk

- The board's responsibility for risk governance
  - The board should be responsible for the governance of risk
  - The board should determine the levels of risk tolerance
  - The risk committee or audit committee should assist the board in carrying out its risk responsibilities
- The board should delegate to management the responsibility to design, implement and monitor the risk management plan
- Risk assessment
  - The board should ensure that risk assessments are performed on a continual basis
  - The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
- The board should ensure that management considers and implements appropriate risk responses
- The board should ensure continual risk monitoring by management
- The board should receive assurance regarding the effectiveness of the risk management process
- The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders

Audit committees

- The board should ensure that the company has an effective and independent audit committee.
- Membership and resources of the audit committee
  - Audit committee members should be suitably skilled and experienced independent non-executive directors

  - The audit committee should be chaired by an independent non-executive director
- Responsibilities of the audit committee
  - The audit committee should oversee integrated reporting
  - The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities
- Internal assurance providers
  - The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function
  - The audit committee should be responsible for overseeing of internal audit
  - The audit committee should be an integral component of the risk management process
- The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process
- The audit committee should report to the board and shareholders on how it has discharged its duties

Compliance with laws, rules, codes and standards

- The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards
- The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business
- Compliance risk should form an integral part of the company's risk management process
- The board should delegate to management the implementation of an effective compliance framework and processes
- Internal Audit
- The board should ensure that there is an effective risk based internal audit
- Internal audit should follow a risk based approach to its plan
- Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management
- The audit committee should be responsible for overseeing internal audit
- Internal audit should be strategically positioned to achieve its objectives

The New Companies Act

Governance in companies in South Africa is also a legal requirement as per the Companies Act, 71 of 2008. The Act came into effect in May 2011. Relevant components of the act will be discussed below.

Purpose of the act is to:

- promote compliance with the Bill of Rights as provided for in the Constitution, in the application of company law
- promote the development of the South African economy by:
  - encouraging entrepreneurship and enterprise efficiency
  - creating flexibility and simplicity in the formation and maintenance of companies
  - encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation
- promote innovation and investment in the South African markets
- reaffirm the concept of the company as a means of achieving economic and social benefits
- continue to provide for the creation and use of companies, in a manner that enhances the economic welfare of South Africa as a partner within the global economy
- promote the development of companies within all sectors of the economy, and encourage active participation in economic organisation, management and productivity
- create optimum conditions for the aggregation of capital for productive purposes, and for the investment of that capital in enterprises and the spreading of economic risk
- provide for the formation, operation and accountability of non-profit companies in a manner designed to promote, support and enhance the capacity of such companies to perform their functions
- balance the rights and obligations of shareholders and directors within companies
- encourage the efficient and responsible management of companies
- provide for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders
- provide a predictable and effective environment for the efficient regulation of companies.

Board of directors

The Act provides for the business and affairs of a company to be managed by, or under, the direction of a board of directors. The board has the authority to perform any of the functions of the company except to the extent that the Companies Act or Memorandum of Incorporation provides otherwise.

A private company or personal liability company requires at least one director, whilst a public company or a non-profit company requires at least three directors. The minimum numbers of directors may be increased in a company's Memorandum of Incorporation.

The Memorandum of Incorporation may also provide for:

- the direct appointment or removal of one or more directors by any person who is named in, or determined, in terms of the Memorandum of Incorporation
- a person to be an ex officio director as a consequence of holding an office, title, designation or similar status

- the appointment or election of alternate directors
- Shareholders of profit companies (other than state-owned entities) to elect at least 50% of directors and at least 50% of any alternate directors.

Board committees

The board of a company may establish any number of committees and delegate to such committees any function of the board. Unless the Memorandum of Incorporation, or a resolution establishing a committee, provides otherwise, the committee may include persons who are not directors of the company, but such persons are not entitled to vote on a matter to be decided by the committee.

The board committees may consult with or receive advice from any person and has the full authority of the board in respect of a matter referred to it.

The number board committees will depend on the complexity and industry of the company. Banks for example, can have a credit committee, operational risk committee and an audit committee. Smaller companies can manage the situation differently by including the risk functions as part of the audit committee or the main board.

Audit committees

A public company, state-owned enterprise or other company that has voluntarily determined to have an audit committee must elect an audit committee at each annual meeting.

The audit committee must have at least three members unless the company is a subsidiary of another company that has an audit committee that will perform the audit committee functions on behalf of that subsidiary.

Each member of the audit committee must be a director of the company. A member of the audit committee must not be:

- involved in the day-to-day management of the company, or have been so involved at any time during the previous three financial years
- a prescribed officer or full-time executive employee of the company, or have been such at any time during the previous three financial years
- a material supplier or customer of the company, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that director is compromised in that relationship
- related to any person described above.

The duties of the audit committee include:

- nominating an auditor that the audit committee regards as independent
- determining the audit fee
- ensuring that the appointment of the auditor complies with the Companies Act and other relevant legislation

- determining the nature and extend of non-audit services
- pre-approving any proposed agreement with the auditor for the provision of non-audit services
- preparing a report to be included in the annual financial statements describing how the committee carried out its functions, stating whether the auditor was independent, and commenting on the financial statements, accounting practices and internal financial control measures of the company
- receiving and dealing with relevant complaints
- making submissions to the board regarding the company's accounting policies, financial controls, records and reporting, and
- any other function designated by the board.

The Act requires the audit committee to prepare a report for inclusion in the financial statements describing how the audit committee carried out its functions, stating its level of satisfaction with the independence of the external auditor and providing comment on the financial statements, accounting practices and internal controls of the company. The ambit of the audit committee also extends to the receipt and dealing with of any complaints around the accounting practices and internal audit of the company, content or auditing of the company's financial statements, internal financial controls of the company, or any other related matter.

The board may also delegate further functions to the audit committee, including the development and implementation of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the company.

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South African Companies Act, 71 of 2008

APPENDIX 2: GLOSSARY OF RISK TERMS

Klosari ya mareo a ditšhošetšo/kotsi (kgonagalo goba tšhošetšo ya tshenyo goba tahlegelo)

Iglosari yamatemu ezingcuphe

Verklarende lys van risikoterme

Audit committee: A committee responsible for monitoring the integrity and completeness of a company's financial statements and, in particular, for establishing whether management has adopted appropriate accounting policies and supported them with realistic estimates and judgements.

Komiti ya tlhakišo: Komiti yeo e nago le maikarabelo a go lekola botshepegi le go felelela ga ditatamente tša matlotlo a khamphani le, gagolo, go hlohlomiša ge eba bolaodi bo šomiša melaotshepetšo ya tšhupamatlotlo ya maleba le go e thekga ka ditekanyetšo tša makgonthe.

Ikomidi lokucwaninga amabhuku: Leli yikomidi elinomsebenzi wokubheka ukusebenza ngendlela nokuzimisela kanye nokupheleliswa kwezitatimende zezimali zenkampani, ikakhulukazi, ukuthola ukuthi ngabe abaphathi basebenzise izindlela ezifanele yini zokubika ngezimali futhi bazesekela ngezilinganiso ezifanele kanye nokusho okuyikho okwenzekile kwizimali zenkampani.

Oudit-komitee: 'n Komitee wat verantwoordelik is vir die monitering van die integriteit en volledigheid van 'n maatskappy se finansiële status en, spesifiek ook daarvoor verantwoordelik is om vas te stel of bestuur in besit is van toepaslike rekeningkundige beleide en dit ondersteun met realistiese skattings en beoordelings.

Average rate of return (ARR): An average annual return expressed as a percentage of the initial cost of the project.

Palomoka ya kelo ya dipoelo (ARR): Palomoka ya dipoelo ka ngwaga ye e bontšhwago bjalo ka phesente ya theko ya mathomo ya protšeke.

Isilinganiso senani lenzalo (ARR): Isilinganiso senzalo eyenziwe ngonyaka nesishiwo njengephesenti lenani leprojekthi yokuqala.

Gemiddelde terugbetalingkoers (GTK): 'n Gemiddelde jaarlikse terugbetaling uitgedruk as ' persentasie van die aanvanklike koste van die projek.

Balance sheet: A component of the financial statements of a firm. The balance sheet indicates the financial position at a specific point in time – that is, what the assets of the firm are worth (at book value) and how they were financed by means of equity and debt financing.

Letlakala la tekanyetšo: Seripa sa ditatamente tša matlotlo tša feme. Letlakala la tekanyetšo le šupa boemo bja matlotlo kemong ye e itšego ya nako – ke go re, boleng bja dithoto tša feme (boleng go ya ka puku) le ka moo di lefetšwego ka mokgwa wa go kgoboketša tšhelete goba wa go adima tšhelete.

Iphepha lebhalansi: Lena yingxenye ethile yezitatimende zezimali zefemu. Iphepha lebhalansi libonisa isimo sezimali esithile ngesikhathi esithile efemini – nokusho ukuthi lokhu kubonisa ukuthi ngabe iyimalini ifemu (uma kuyiwa ngokwezinto enazo) kanye nokuthi ngabe ifemu leyo inikelelwa kanjani ngokwezezimali futhi ngabe yenza kanjani ngasekubhekeleleni izikweletu zayo.

Balansstaat: 'n Komponent van die finansiële status van 'n maatskappy. Die balansstaat is 'n aanduiding van die finansiële posisie op 'n gegewe tydstip – met ander woorde, wat die waarde van die bates van die maatskappy (teen boekwaarde) is en hoe dit gefinansier is by wyse van billikheids- en skuld-finansiering.

Basel committee on banking supervision: A committee reporting to a joint committee of central bank governors and (non-central bank) heads of supervision from 27 member countries. Its objective is to enhance understanding of key supervisory issues and improve the quality of banking supervision world-wide. It develops guidelines and supervisory standards, including its international standards on capital adequacy, the Core Principles for Effective Banking Supervision and the Concordat on Cross-border Banking Supervision.

Komiti ya Basel ya kokamelo ya dipanka: Komiti ye e išago dipego go komiti ya maloko go tšwa dipeakanyong tše di fapanego ya babušiši ba dipanka le (panka ye e se nago maatla a go lekola ditšhelete tša naga) dihlogo tša tlhokomelo tša go tšwa malokong a dinageng tše 27. Maikemišetšo a yona ke go kaonafatša kwešišo ya ditaba tše bohlokwa tša tlhokomelo le go kaonafatša boleng bja tlhokomelo ya dipanka lefaseng ka bophara. E tšweletša ditlhahlo le maemokelo tša tlhokomelo, go akaretšwa maemokelo a boditšhabatšhaba ka ga tekano ya khepetlele, Dikokwanetheo tša Tlhokomelo ya go panka ka phethagatšo le Tumelelanosemmušo ka ga tlhokomelo ya Dipanka go putla mellwane.

Ikomidi laseBasel elimayelana nokwenganyelwa kokubhenka: Leli yikomidi elibika kwikomidi elihlangene lababusi bamabhangengodla kanye nabaphathi (okungesibona abamabhangengodla) abavela kumazwe angamalungu angama-27.Inhloso yaleli komidi ukwenza ukuthi kube nokuqonda okubanzi ngezindaba ezithinta ukuphatha kanye nokwenza ngcono ikhwalithi yokuphathwa kwezokubhenka emhlabeni jikelele.Leli komidi liphinda lisungule imihlahlandlela kanye nezimiso zokuphatha, kuhlanganisa nezimiso zalo zamazwe ngamazwee maqondana nokunika amandla labo abaphethe, Imigomo Enqala Yokuphatha Ngendlela Ezokubhenka kanye Nesivumelwano Ngokuphathwa Kwezokubhenka Ngaphesheya Kwemingcele.

Basel-komitee vir Banktoesighouding: 'n Komitee wat aan 'n gesamentlike komitee, bestaande uit presidente van die sentrale bank en (nie-sentrale bank) toesighoudende hoofde uit 27 ledelande terugvoer gee. Die doel is om die verstaan van die belangrikste toesighoudingskwessies te verhoog en die gehalte van banktoesighouding wêreldwyd te verbeter. Dit ontwikkel toesighou-standaarde, insluitend die internasionale standaarde vir voldoende kapitaal, die Kernbeginsels vir Effektiewe Banktoesighouding en die Ooreenkoms vir Banktoesighouding oor Grense heen.

Business continuity: The planning and preparatory activities performed by a company to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that must have access to those functions. Such planning is aimed at preventing, mitigating and recovering from disruption. The terms "business resumption planning", "disaster recovery planning" and "contingency planning" may also be used in this context as they all concentrate on the recovery aspects of continuity.

Tšwetšopele ya kgwebo: Ditiro tša peakanyo le tokišetšo tšeo di phethagatšwago ke khampani go netefatša gore mešomo ye bohlokwa ya kgwebo e tla ba gona go bašomiši, batšweletši, basepetši ba melao, le dipeakanyo tše dingwe tšeo di tla bago le phihlelelo go mediro yeo. Peakanyo ye bjalo e ikemišeditše go thibela, go fokotša bogale le tielelo go mathata ao a hlolago tšhitišo. Mareo a "peakanyo ya thomišoseswa ya kgwebo", "peakanyo ya tielelo go tšwa kotsing" le "leano le le tla phethagatšwago nakong ya tšhoganetšo" a ka šomišwa gape kemong ye ka ge ka moka a nepiša dintlhatielelo tša tšwetšopele.

Ukuqhubeka kwebhizinisi: Lokhu kusho ukuhlela kanye nemisebenzi yokulungiselela eyenziwa yinkampani ukuqinisekisa ukuthi imisebenzi ethile yebhizinisi ebalulekile iyatholakala kumakhasimende, kubahlinzeki, kubalawuli, kanye nakwezinye izinhlaka okufanele ukuthi zikwazi ukufinyelela kuleyo misebenzi. Lokho kuhlela kuhloswe ngakho ukuvikela, ukwenza ngcono kanye nokusimama ekukhwabaniseni okusuke ngabe kade kwenzekile. Amatemu athi"ukuhlela kokuqala ibhizinisi", "uhlelo lokutakula kwinhlekelele"kanye nelithi"uhlelo lokuhlala kulungiwe"kungenzeka futhi asetshenziswe ngayo le ndlela ngoba wonke lawa matemu abheke uhlelo lokutakula ukuze kube nenqubekela phambili.

Besigeidskontinuïteit: Die beplanning en voorbereidende aktiwiteite wat deur 'n maatskappy uitgevoer word om te verseker dat kritiese besigeidsfunksies beskikbaar sal wees vir kliënte, verskaffers, reguleerders, en ander entiteite wat toegang tot daardie funksies moet hê. Die doel van sodanige beplanning is die voorkoming, versagting en herstel van ontwrigting. Die terme "besigeidshervattingsbeplanning", "rampherstelbeplanning" en "gebeurlikheidsbeplanning" mag ook in die konteks gebruik word, omdat dit alles op die herstel-aspekte van kontinuïteit fokus.

Business continuity management: A holistic management process that identifies potential threats to an organisation and their possible impacts on business operations.

Taolo ya tšwetšopele ya kgwebo: Tshepedišo ya taolo ka botlalo ye e šupago ditšhošetšo tše di ka bago gona peakanyong le dikhuetšo tše di ka bago gona tshepetšong ya kgwebo.

Ukuphathwa kokuqhubeka kwebhizinisi: Lolu wuhlelo lokuphatha oluphelele noluphelelisiweolukwazi ukuhlonza izinselelo okungenzeka zibe khona zibeke inkampani engcupheni futhi nokungenzeka ukuthi zenze ukuthi zibe nomthelela ekusebenzeni kwebhizinisi.

Besigeidskontinuïteitsbestuur: 'n Holistiese bestuursproses wat moontlike bedreigings vir 'n organisasie en die moontlike impak daarvan op die werksaamhede van 'n besigheid identifiseer.

Business ethics: The ethical values that determine the interaction between a company and its stakeholders.

Boitshwaro kgwebong: Boitshwaro bjo bo nyakegago bjoo bo šupago tsenelelano gare ga khamphani le bengdithoto ba yona.

Izimiso zebhizinisi: Lokhu kusho amagugu ayindlela yokwenza ibhizinisi nokuyiwona alawula ukuxhumana okukhona phakathi kwenkampani kanye nalabo ababangabanikazi bayo inkampani leyo.

Besigheidsetiek: Die etiese waardes wat die interaksie tussen 'n maatskappy en sy aandeelhouers bepaal.

Business risk: The risk of potential revenue shortfall compared to the cost base due to strategic and/or reputational reasons.

Kotsi (ditlamorago tša go se be le bonnete bja maikemišetšo) kgwebong: Kotsi ya tlhaelelo ya ditseno ye e ka bago gona ge go bapetšwa le theko ya mathomo ya thoto ka lebaka la mabaka a togamaano le/goba leina la kwebo.

Ingcuphe yebhizinisi: Lena yingcuphe yokuthi imali yehle ibe phansi uma iqhathaniswa nesisekelo sezindleko ngenxa yezizathu ezingamaqhinga okusebenza noma ngenxa yezizathu zegama elihle.

Besigheidsrisiko: Die risiko van 'n moontlike tekort aan inkomste, vergeleke met die kostebasis as gevolg van strategiese en/of reputasie redes.

CAPM: The capital asset pricing model (CAPM) relates to the expected return on an asset to its risk, while giving a precise definition of what we mean by risk. The higher the risk; the higher the return for an investment.

CAPM: Mmotlolo wa peakanyo ya tefo ya thoto ya molefi wa motšhelo (CAPM) o tswalana le ditseno tše letetšwego tša thoto go kotsi ya yona, ka go fa tlhalošo ya maleba ya seo re se hlalošago ka kotsi. Ge kotsi e le godingwana; poelo ya peeletšo e ya godingwana.

CAPM: Indlela yokusho amanani kwimali nokuyi-capital asset pricing model (CAPM) imayelana nezinzalo ezilindelekile kwizimali ezithile ezitshaliwe kodwa bese kubhekwa nezingcuphe ezihambisana nalokho. Ngamanye amazwi uma utshale izimali lapho kunobungozi obukhulu kakhulu khona, namathuba okuthi imali izale kakhulu aphezuzlu kakhulu.

KBPM: Die Kapitale Bates Prysmodel (KBPM) hou verband met die verwagte wins op 'n bate in verhouding tot sy risiko, en gee terselfdertyd 'n presiese definisie van wat bedoel word met 'risiko'. Hoe hoër die risiko, hoe hoër is die terugbetaling vir 'n belegging.

Causal analysis: A technique employed to show the relationship between an effect and its possible causes and to help determine the root cause of a risk.

Tshekatsheko ya tlholo: Thekniki yeo e šomišwago go bontšha tswalano gare ga ditlamorago le seo se ka bego se di hlotše le go thuša go šupa modu wa seo se hlotšego kotsi.

Ukuhlaziya okungahlelekile: Leli yicebo elithile elisetshenziswayo ukubonisa ubudlelwano phakathi kwento ethile engumthelela kanye nezimbangela zayo kanye nokukwazi ukuhlahla ukuthi kutholakale ukuthi ngabe iyiphi imbangela yengcuphe.

Ongereelde analise: ’n Tegniek wat gebruik word om die verwantskap tussen ’n effek van en die moontlike oorsake daarvan aan te dui en om te help om die hoofoorsaak van ’n risiko te bepaal.

Information systems: A system of people, data records and activities that process the data and information in a company. This includes the company’s manual and automated processes. In a narrow sense, the term information system (or computer-based information system) refers to the specific application software that is used to store data records in a computer system and that automates some of the information-processing activities of the company.

Dipeakanyo tša tshedimošo: Peakanyo ya batho, direkhoto tša datha le ditiro tšeo di sepetšago datha le tshedimošo khamphaning. Se se akaretša ditshepedišo tša khamphani ka ka mokgwa wa diatla le wa boitirišo.

Izinhlelo zolwazi: Lolu wuhlelo lwabantu, lwamarekhodi emininingo kanye nemisebenzi okudlulisa idatha kanye nolwazi oluthile enkampanini. Lokhu kufaka phakathi izinhlaka zenkampani ezenziwa ngabantu kanye nalezo ezizenzekela zona ngokwazo. Ngokomqondo olula nje, itemu elithi izinhlelo zolwazi (noma izinhlelo zolwazi ezigxile kwikhompyutha) lisho isisetshenziswa sekhompyutha esithile esisetshenziselwa ukugcina amarekhodi emininingo ohlelweni lwekhompyutha kanti senza ukuthi eminye imisebenzi ethile yokwedlulisa ulwazi enkampanini iqale isebenze.

Inligtingstelsel: ’n Stelsel van mense, data, rekords en aktiwiteite wat die data en inligting van ’n maatskappy prosesseer. Dit sluit die maatskappy se handgedrewe en geoutomatiseerde prosesse in. Meer spesifiek verwys die term inligtingstelsel (of rekenaar-gebaseerde inligtingstelsel) na die spesifieke toepassingsagteware wat gebruik word om datarekords in ’n rekenaarstelsel te stoor en wat sommige van die inligtingprosesseringsaktiwiteite van die maatskappy outomatiseer.

Compliance system: The regulatory framework within which a business operates and which must be embedded in that business’s operations.

Peakanyo ya boineelo: Tlhako ya taolo yeo ka go yona kgwebo e sepedišwago gape yeo e swanetšego go tsenywa ditshepedišong tša kgwebo yeo.

Uhlelo lokuhambisana: Lokhu kusho uhlaka lomthetho okusuke kufanele ukuthi ibhizinisi lisebenze ngaphansi kwalo kanti kusuke kufanele ukuthi lungene ngaphansi kokusebenza kwebhizinisi.

Inskiklikheid: Die regulerende raamwerk waarbinne ’n besigheid funksioneer en wat vasgelê is in daardie besigheid se werksaamhede.

Confidentiality: A set of rules intended to ensure that information is not made available or disclosed to unauthorised individuals, entities, or processes.

Tshepagalo: Sehlopha sa melao yeo e ikemišeditšego go netefatša gore tshedimošo ga e hwetšagale goba ga e phatlalatšwe bathong, mekgatlong, goba ditshepedišong tšeo di sa dumelelwago.

Ubumfihlo: Lolu wuhla lwemithetho okuhloswe ngalo ukuqinisekisa ukuthi ulwazi aluvezwa futhi aludalulwa kubantu abangafanele, kwizikhungo ezingafanele, noma kwizinhlaka ezingafanele.

Vertroulikheid: ’n Stel reëls wat daargestel is met die doel om te verseker dat inligting nie beskikbaar gestel word of openbaar gemaak word aan ongemagtigde individue, entiteite, of prosesse nie.

Corporate governance: The framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company’s relationships with all its stakeholders.

Taolo ya kgwebo: Tlhako ya melao le ditlwaelo tšeo ka tšona boto ya balaodi e netefatšago boikarabelo, tshepedišo ye e phethegilego ye e kwešišegago gape ya maleba le go se ute selo tswalanong ya khamphani le bengdithoto ba yona.

Ukubuswa kwenhlangano okusezingeni elifanele: Uhlaka lwemithetho kanye nezindlela zokwenza izinto kanti yilona kanye olulandelwa yibhodi yabaqondisi ukuqinisekisa ukuthi abenza imisebenzi ethile bayaphendula ngayo, akwenziwa izinto ngokwenzelela kanye nanokuthi izinto zenziwa ekukhanyeni kubudlelwano benkampani kanye nalabo esebenzisana nabo.

Korporatiewe bestuur: Die raamwerk van reëls en praktyke deur middel waarvan ’n raad van direkteure verantwoordelikheid, regverdigheid en deursigtigheid in ’n maatskappy se verhouding met al sy aandeelhouers verseker.

Cost of risk: The implicit or explicit price paid to manage risk exposures and typically comprised of the expected costs of direct and indirect losses arising from retained risks, loss control activities, loss financing activities and risk reduction activities.

Ditefelo go kotsi: Tefo ye e šišintšwego goba e filwego ye e lefilwego go laola kotsi ye e tšweletšego ye e akaretšago ditefelo tše di letetšwego tša ditahlegelo tše di lego thwi le tšeo di sego thwii tše di hlotšwego ke ditshenyegelo tše di swerwego, ditiro tša taolo ya ditshenyegelo, ditiro tša go lefela ditshenyegelo le ditiro tša phokotšo ya kotsi.

Izindleko zengcuphe: Lokhu kusho inani elingacacile noma elicace bha elikhokhwa ukuze kulawulwe ukuvela kwengcuphe futhi livame ukuthi libe yizindleko ezilindelekile zokulahleka okuqondile kanye nokungaqondile okuvela kwizingcuphe ezibuyisiwe, kwimisebenzi yokulahlekelwa ukulawula izimali kanye nemisebenzi yokunciphisa izingcuphe.

Koste van risiko: Die implisiete of eksplisiete prys wat betaal word vir risikoblootstellings en bestaan tipies uit die verwagte koste verbonde aan direkte en indirekte verliese voortspruitend uit teruggehoude risiko’s, verliesbeheeraktiwiteite, verliesfinansierings-aktiwiteite en risikoverminderingsaktiwiteite.

Counterparty risk: The risk that the other party to a contract or agreement will fail to perform in terms of the contract.

Kotsi go diphathi tša kontraka: Kotsi ya gore phathi ye nngwe ya kontraka goba tumelelano e tla palelwa ke go šoma gabotse go ya ka dipeelano tša kontraka.

Ingcuphe yolunye uhlangothi: Lena yingcuphe lapho khona lowo omunye osuke ebambe iqhaza kwisivumelwano ehluleka khona ukwenza njengoba kusho imibandela yesivumelwano.

Teenpartyrisiko: Die risiko dat die ander party in ’n kontrak of ooreenkoms nie daarin sal slaag om ingevolge die kontrak te handel nie.

Credit risk: The risk of loss due to non-payment of a loan, bond, or other credit.

Kotsi ya sekoloto: Kotsi ya go ka lahlegelwa ka lebaka la go se lefe tšhelete ya kadimo, goba sekoloto se sengwe.

Ingcuphe yesikweletu: Lena yingcuphe yokulahlekelwa ngenxa yokungakhokhwa kwemalimboleko, yokungakhokhwa kwebhondi, noma yokungakhokhwa nje kwanoma yisiphi esinye isikweletu.

Kredietrisiko: Die risiko van verlies as gevolg van die nie-betaling van ’n lening, ’n verband, of ander krediet.

Credit risk insurance: Insurance in mitigation of credit risk.

Inšorense ya kotsi ya sekoloto: Inšorense ya go fokotša tshenyegelo ka lebaka la go palelwa ke go lefa.

Umshuwalense wengcuphe yesikweletu: Lona ngumshuwalense othathelwa ukunciphisa ingcuphe yesikweletu.

Kredietrisikoversekering: Versekering ter versagting van kredietrisiko.

Currency risk: The risk that expected cash flows from overseas investments will be adversely affected by fluctuations in exchange rates.

Kotsi/tšhošetšo ya kharentshi: Tšhošetšo ya gore tšhelete ye e tsenago le ye e tšwago go tšwa dipeeletšong tša moše wa mawatle e tla amega ka lebaka la go ya fase le godimo ga dikelo tša papatšo/phetogo.

Ingcuphe yemali: Lena yingcuphe lapho khona kusuke kunezinsolo zokuthi izimali ezivela emazweni angaphesheya kolwandle kungenzeka ukuthi ibe nokuthikamezeka ngenxa yokwehla kanye nokwenyuka kwamanani okushintshiselana ngezimali.

Geldeenheid-risiko: Die risiko dat verwagte kontantvloei uit oorsese beleggings negatief beïnvloed sal word deur veranderinge in wisselkoerse.

Current assets: Short-term assets, expected to be converted into cash within one year or less.

Dithoto tša bjale: Dithoto tša pakakopana, tše go letetšwego go di fetolela go kheše mo ngwageng goba ka fase ga ona.

Izinto/izimali ezikhona njengamanje: Kusho izinto zesikhathi esifushane, nokusuke kulindeleke ukuthi ziguqulwe zenziwe imali engukheshi ungakapheli unyaka noma ngesikhathi esingaphansi kwalokho.

Huidige bates: Korttermynbates, wat na verwagting binne een jaar of korter in kontant omgeskakel sal word.

Current liabilities: Short-term liabilities, expected to be paid within one year or less.

Sekoloto sa/Tobo ya bjale: Dikoloto tša pakakopana, tše di letetšwego go lefša mo ngwageng goba ka fase ga ona.

Izikweletu zamanje: Lezi yizikweletu zesikhathi esifushane, kanti kusuke kulindeleke ukuthi zikhokhwengemuva kwesikhathi esifushane esingaba wunyaka owodwa noma ngaphansi kwalokho.

Huidige bedryfslaste: Korttermyn bedryfslaste, wat na verwagting binne een jaar of korter betaal sal word.

Current ratio: A measure of liquidity calculated by dividing a business's current assets by its current liabilities.

Tekanyokelo ya bjale: Kelo ya kgwebo ya go ka ba le kheše ye e balelwago ka go arola dithoto tša bjale tša kgwebo ka dikoloto tša yona tša bjale.

Isilinganiso samanje: Lesi yisikalo sezinto ezingathi uma zithengiswa zibe yimali engukheshi, kanti lokhu kwenziwa ngokuhlukanisa izinto ibhizinisi elinazo njengamanje ngezikweletu ibhizinisi lelo elinazo.

Huidige verhouding: 'n Mate van likiditeit wat bereken word deur 'n besigheid se huidige bates deur sy huidige finansiële verpligtinge te deel.

Default risk: The probability of a default event – for example, missing a payment obligation, breaking a covenant, entering into an illegal procedure or economic default.

Kotsi ya go se lefe sekoloto: Kgonagalo ya tiragalo ya go se lefe – mohlala, go tshediša kgapeletšo ya go lefa, go roba kwano, go tsenela tshepedišo ye e sego molaong goba go se lefe tšhelete ye e swanetšwego go lefša.

Ingcuphe yokungakhokhi: Lokhu kusho amathuba okuthi owebolekwe imali engakhokhi – isibonelo, adlulwe yisikhathi sokukhokha imali okufanele ngabe uyayikhokha, ukunqamula isivumelwano, ukungena kwinqubo engekho emthethweni noma ukweqa isimo sokokukhokha ngokomnotho.

Wanbetalingsrisiko: Die waarskynlikheid van 'n wanbetaling – byvoorbeeld 'n betalingsverpligting wat oorgeslaan is, die verbreking van 'n belofte, die sluiting van 'n onwettige prosedure of ekonomiese wanbetaling.

Decision analysis: A technique used to structure decisions and to represent real-world problems by employing models that can be analysed to gain insight and understanding. It structures decisions, uncertain/chance events and values of outcomes.

Tshekatsheko ya sephetho: Thekniki ye e šomišwago go bopa sephetho le go emela mathata a mannete lefaseng ka go šomiša mebotlolo ye e ka sekasekwago gore go hwetšwe tshedimošo le kwešišo. E dira diphetho, ditiragalo tše di ka se netefatšwego/ka bago gona ka sewelo le go bona mohola wa ditlamorago.

Ukuhlaziywa kwesinqumo: Lena yindlela esetshenziselwa ukumisa kahle izinqumo kanye nokumela izinkinga zomhlaba wangempela ngokusebenzisa izindlela ezingahlaziywa ukuthola kanye nokuqonda. Lokhu kuhlela kahle izinqumo, izigameko ezingaqinisekile kanye namanani emiphumela.

Besluit-analise: 'n Tegniek wat gebruik word om besluite te struktureer en om werklike probleme voor te stel deur modelle te gebruik wat geanaliseer kan word om insig en begrip te verkry. Dit struktureer besluite, onseker/toevallige gebeure en die waardes van uitkomste.

Derivative security: A security that is neither debt nor equity, but that derives its value from an underlying asset that is often another security; called "derivatives", for short.

Tšhireletšo ye e theilwego go thoto: Tšhireletšo ye e sego sekoloto goba tšhelete ye e lego ya motho goba khamphani ka morago ga go ntšha dikoloto, eupša yeo e hwetšago boleng bja yona go thoto yeo gantši e lego tšhireletšo ye nngwe.

Imali ephephiswe ngenye: Lesi yisibambiso esingesona isikweletu futhi sisuke singeke senziwe ukuthi sibe yimali engukheshi, kodwa ekwazi ukuthola inani layo ngokwento engaphansi kwayo; kanti ngesiNgisi iphindwe ibizwe ngokufinyeziwe ukuthi "derivatives".

Afgeleide/instrument/belegging: 'n Instrument/belegging wat nie skuld of 'n aandeel is nie, maar wat sy waarde aflei uit 'n onderliggende bate, wat dikwels 'n ander instrument/belegging is; in kort "afgeleides" genoem.

Diversifiable risk: Risk that is company-specific, meaning that it can be reduced by holding a portfolio with a large number of obligations/exposures; also known as idiosyncratic risk.

Kotsi ye e ka tlošwago/fokotšwago: Kotsi ye e lebanego khamphani ye e itšego, e lego gore e ka fokotšwa ka go swara potfolio ka palo ye kgolo ya setlemo/bokaalo bjo bo ka go lahlegelago; gape e tsebja bjalo ka kotsi ye e lebanego thoto ye e itšego.

Ingcuphe eyehlukanisiwe: Lena yingcuphe eqondene nenkampani ethile, nokusho ukuthi ingancishiswa ngokubamba isikhwama esinezinzuzo eziningi kakhulu kanti kubuye kwaziwe ngokuthi yingcuphe eqondene nomuntu siqu sakhe.

Diversifiseerbare risiko: Risiko wat maatskappy-spesifiek is, wat deur die hou van 'n portefeulje met 'n groot aantal blootstellings verminder kan word; ook bekend as idiosinkratiese risiko bekend staan.

Diversification: A spreading or diffusion of risk exposures commonly used to lower risk by combining exposures that are not related to one another.

Kopanyo ya dipeeletšo tše di fapanego: Phatlalatšo goba kgašanyo ya kgonagalo ya go ka lahlegelwa yeo ka tlwaelo e šomišwago go iša kotsi ya tahlegelo fase ka go kopanya mehuta ye e sa nyalelanego ya bokaalo bjo bo ka lahlegelwago.

Ukwehlukanisa: Lokhu kusho ukwaba kanye nokusatshalaliswa kwezinto ezingahle zibe sengcupheni okuvamise ukuthi kungasetshenziselwa ukunciphisa ingcuphe ngokuhlanganisa izinto ezingahlobene zona zodwana.

Diversifisering: ʼn Verspreiding van risiko-blootstelling wat algemeen gebruik word om risiko te verlaag deur blootstellings te kombineer wat nie met mekaar verband hou nie.

Due diligence: The care a reasonable person should take before entering into an agreement or a transaction with another party.

Tlhokomelo pele ga tumelelano: Šedi ye motho a ka e tšeago pele a tsenela tumelelano goba kwano ya kgwebo le phathi ye nngwe.

Ukuphusa ngokomqondo: Ukuqaphela okumele kwenziwe ngumuntu onomqondo ophusile ngaphambi kokuba aze angene esivumelwaneni noma kube khona ukuthengiselana akwenzayo nohlangothi oluthile.

Gebruiklike versigtigheid: Die versigtigeheid wat enige redelike persoon aan die dag moet lê voordat hy/sy ʼn ooreenkoms of transaksie met ʼn ander party aangaan.

Economic risk: The influence of national macroeconomics on the performance of individual businesses.

Kotsi ya ekonomi: Khuetšo ye e hlolwago ke maemo a ekonomi ka botlalo setšhabeng go tiro ya kgwebo e tee.

Ingcuphe yezomnotho: Amandla ezomnotho zikazwelonke ezinawo ekusebenzeni kwamabhizinisi ngawodwana.

Ekonomiese risiko: Die invloed van nasionale makro-ekonomie op die prestasie van individuel+e besighede.

Enterprise Risk Management (ERM): The process by which an organisation identifies, assesses, controls, exploits, finances and monitors risks from all sources for the purpose of increasing the organisation's short-and long term value to its shareholders.

Taolo ya Kotsi go kgwebokgolo (ERM): Tshepedišo yeo ka yona mokgatlo o šupago, o lekolago, o laolago, o šomišago ka botlalo gore o bone dipoelo, o fago thekgo ya ditšhelete gape o hlapetšago kgonagalo ya kotsi go tšwa methopong ka moka ka maikemišetšo a go godiša boleng bja mokgatlo bja pakakopana goba pakatelele bja bengdišere ba ona.

Ukulawulwa Kwengcuphe Yinhlangano (ERM): Uhlelo olusetshenziswa yinhlangano ukuhlonza, ukuhlola, ukulawula, ukusebenzisa, ukuhlinzeka ngezimali kanye nokubheka ngokulandelela izingcuphe kuyona yonke imithombo ngenhloso yokwandisa nokukhulisa inani lesikhathi eside lenhlangano kulabo esebenzisana nabo.

Ondernemingsrisikobestuur (ORB): Die proses waartydens ʼn organisasie risiko's uit alle oorde identifiseer, beoordeel, beheer, ontgin, finansier en monitor met die doel om die organisasie se kort- en langtermynwaarde vir sy aandeelhouers te vermeerder.

Environmental risk: The actual or potential threat of adverse effects on living organisms and environment by effluents, wastes, resource depletion, etc. arising out of a business's activities.

Kotsi/tšhošetšo tikologong: Tšhošetšo ya mannete goba ye e ka bago gona ya ditlamorago tše di sa letelwago go diphedi le tikologo ka lebaka la dilo tše di elelago, ditšhila, phetšišo ya didirišwa, bjbj tše di hlotšwego ke ditiro tša kgwebo.

Ingcuphe yezemvelo: Kusho ingcuphe ekhona noma ukwesabisa okukhona kwengcuphe kwizinto eziphilayo kanye nemvelo, lokho kwenziwa ukungcula kwamakhemikhali noma kwesitamkoko, kanye nezinto esezimoshakele, ukuncipha kwezinto zokusebenza, njl. kuvumbuka ngenxa yemisebenzi eyenziwa yibhizinisi.

Omgewingsrisiko: Die werklike of moontlike bedreiging van negatiewe effekte op lewende organismes en die omgewing deur rioolwater, afvalstowwe, hulpbronvermindering en dergelike meer, wat voortspruit uit die aktiwiteite van 'n besigheid.

Ethical risk: Exposure to events which may result in criminal prosecution, civil lawsuits or erosion of reputation.

Kotsi ya boitshwaro: Bothata bja ditiragalo tšeo di ka hlolago tshekišo ka lebaka la bosenyi, tshekišo kgorongtsheko goba tshenyo ya leina.

Ingcuphe yangokwezimiso: Ukuba sobala ekutheni kube nezinto okungenzeka ukuthi ziholele ekutheni lowo othinteka kulezo zinto kanye nakulezo zimo ashushiselwe amacala obugebengu, amacala amademeshe noma ukucekela phansi isithunzi.

Etiese risiko: Blootstelling aan aktiwiteite wat kriminele vervolging, burgerlike regsgedinge of die verontagsaming van 'n reputasie tot gevolg het.

Ethics: "Ethics" and "morality" (these terms can be used interchangeably) refer to that which is good or right in human interaction. Ethics involves three key, interlinked concepts – "self", "good", and "other". Thus, one's conduct is ethical if it gives due consideration not only to that which is good for oneself, but also good for others.

Thuto ya maitshwaro: "Thuto ya maitshwaro" le "setho" (mareo a a ka šomišwa ka go šielana) eya go seo se lokilego goba se nepagetšego tšhomišanongmmogo. Thuto ya boitshwaro e akaretša dikgopolo tše tharo tše bohlokwa tše di tsenelelanago – "bonoši", "botse", le "-nngwe". Ka gona, boitshwaro bja motho bo ba maitshwaro a mabotse ge bo sa fe fela kgopolo ya seo se lokilego go wena ka noši, eupša se lokilego gape go batho ba bangwe.

Izimilo: "Izimilo" kanye "nokuqonda ukulunga" (lawa matemu kuyenzeka asetshenziswe ngokushintshana) kanti asho lokho okuhle noma okulungile ekuxhumaneni kwabantu. Izimilo zifaka phakathi izinto ezintathu, okungamagama amathathu axhumene – "yimina", "okuhle", kanye nelithi "omunye umuntu". Kanti-ke lokhu kusho ukuthi, ukuziphatha komuntu kusuke kubonisa isimilo uma kubonisa ukunaka hhayi lokho kuphela okuhle okuqondene nomuntu lowo, kodwa lokho okuhle futhi okuqondene nabanye abantu.

Etiek: "Etiek" en "moraliteit" (hierdie terme kan afwisselend gebruik word) verwys na dit wat goed en reg is in die interaksie tussen mense. Etiek behels drie sleutelbegrippe wat inmekaar verweef is – "self", "goed", en "ander". 'n Mens se gedrag is dus eties indien dit die nodige oorweging skenk aan dit wat goed is vir jouself, maar ook wat goed is vir ander.

Ethical values and principles: Ethical values translate into behavioural commitments (principles) or behavioural directives (standards, norms, and guidelines). For example, the ethical value of honesty generates the principle “We should be honest”. This means that we have an ethical duty not to deceive, but to tell the truth. In specific circumstances, the principle of honesty may clash with another ethical principle, such as the principle of respect – “We should respect the dignity of others”. A clash of ethical principles results in an ethical dilemma. We need to employ ethical reasoning and deliberation to resolve ethical dilemmas.

Boitshwaro le mekgwa ye e swanetšego: Boitshwaro bjo bo swanetšego bo hlaloša boineelo (molao) wa boitshwaro goba ditlhahli tša boitshwaro (maemo, tlwaelo, le ditlhahli). Mohlala, boitshwaro bjo bo swanetšego bja tshepagalo bo hlola molao wa “Re swanetše go tshepagala”. Se se hlaloša gore re na le boikarabelo bja go dira ka mo go lokilego gore re se tšhele batho ba bangwe phori ka mahlong, eupša re bolele nnete. Dikemong tše di itšego molao wa tshepagalo o ka thulana le molao wo mongwe wa boitshwaro bjo bo swanetšego, go swana le molao wa tlhompho – “re swanetše go hlompha seriti sa batho ba bangwe”. Thulano ya melao ya boitshwaro e hlola kemo ya thulano gare ga botse le bobe. Re hloka go phethagatša naganišišo le therišano ye e tseneletšego ka ga botse le bobe le go rarolla dithulano ka gare ga botse le bobe.

Amagugu kanye nemigomo yangokwesimilo: Amagugu angokwesimilo kuba ukuzibophezela ngokuziphatha (imigomo) noma izinqubo zangokokuziphatha (amazinga, izimo, kanye nemihlahlandlela). Isibonelo, igugu langokwesimilo kuba wumgomo othi “Kumele sethembeke”. Lokhu kusho ukuthi sinomthwalo wokuthi singakhohlisi, kodwa sikhulume iqiniso. Ezimweni ezithile eziqondile, umgomo wokwethembeka kungenzeka ukuthi ushayisane nomunye umgomo wesimilo, ofana nomgomo wokuhlonipha – “Kumele sihloniphe isithunzi sabanye abantu”. Ukungqubuzana kwemigomo yezimilo kwenza ukuthi kube nenkinga ngezimilo. Kudingeka ukuthi sisebenzise ukucabanga okuhambisana nesimilo kanye nokucabanga ukuze sikwazi ukusombulula izinkinga ezimayelana nezimilo.

Etiese waardes en beginsels: Etiese waardes wat verstaan kan word as gedragsverpligtinge (beginsels) of gedragsvoorskrifte (standaarde, norme en riglyne). Byvoorbeeld, die etiese waarde van eerlikheid gee aanleiding tot die beginsel “Ons moet eerlik wees”. Dit beteken dat ons ’n etiese verpligting het om nie te jok nie, maar om die waarheid te praat. In sekere omstandighede sal die beginsel van eerlikheid bots met ŉ ander etiese beginsel, soos byvoorbeeld die beginsel van respek, byvoorbeeld “Ons moet die waardigheid van ander respekteer.” ’n Botsing van etiese beginsels lei tot ’n etiese dilemma. Ons moet etiese beredenering en oordenking aanwend om etiese dilemmas op te los.

Exchange rate risk: The risk of a change in value caused by the fact that actual foreign currency exchange rates differ from those expected.

Kotsi ya tekanyo ya phetošetšo: Kotsi ya phetošo go boleng ye e hlotšwego ke gore ditekanyo tša phetošetšo ya pale ya kharentshi e šele di fapana le tšeo di letetšwego.

Ingcuphe yenani lokushintsheselana ngezimali: Lena yingcuphe yokuthi kungenzeka ukuba imali ishintshe ngokwenani layo ngenxa yokuthi amanani okushintshiselana nezimali zangaphandle kwamanye amazwe ziyashintsha ukunalezo ebezilindelekile.

Wisselkoersrisiko: Die risiko van 'n verandering in waarde, veroorsaak deur die feit dat werklike buitelandse geldeenhede se wisselkoerse verskil van die verwagte wisselkoers.

Expected loss: The expected value of the loss distribution function, calculated by estimated loss frequency multiplied by estimated loss severity, summed for all exposures. This measure of loss refers to a best estimate of the total losses of a particular type – for example, worker's compensation or general liability – of an organisation that are expected during a given period (normally a year).

Tahlegelo ye e letetšwego: Palo ye e letetšwego ya fanšene ya phatlalatšo ya tahlegelo, ye e balelwago ka bontši bjo akantšwego bja ka moo tahlegelo e diregago ge bo atišwa ka tšhelete ye e akantšwego ye e lobilwego, e le palomoka ya dipeeletšo tše di lego kotsing ya go ka lahlegelwa ka moka.

Ukulahleka (kwemali) obekulindelekile: Leli yinani elilindelekile lokulahleka komkhiqizo noma kwezimali uma liphindaphindwa ngakho konke ukulahlekelwa okwenzekile, kuhlanganiswe nazo zonke izinto ezenzakele. Lokhu kukalwa kokulahlekelwa kusho ukuqagela okungcono kakhulu kwalo lonke uhlobo lokulahlekelwa – isibonelo nje, ukunxeshezelwa kwabasebenzi noma ukulahleka kwemali okwejwayelekile – enhlanganweni nokusuke kulindelekile ngesikhathi esithile esishiwo (ngokujwayelekile).

Verwagte verlies: Die verwagte waarde of die verliesverspreidingsfunksie, bereken deur geskatte verliesfrekwensie vermenigvuldig met die geskatte verliesfelheid, soos uitgewerk vir blootstellings. Hierdie meting van verlies verwys na 'n beste geskatte waarde van die totale verliese van 'n spesifieke soort – byvoorbeeld werknemersvergoeding of algemene aanspreeklikheid – van 'n organisasie wat gedurende 'n gegewe tydperk (gewoonlik 'n jaar) verwag word.

Expected monetary value (EMV): The sum of the weighted outcomes.

Boleng bja tšhelete bjo letetšwego (EMV): Palomoka ya dipoelo.

Inani langokwemali elilindelekile (EMV): Lesi yisamba semiphumela ekaliwe.

Verwagte monetêre waarde (VMW): Die somtotaal van die gemiddelde uitkomste.

Exposure risk: The level of risk or uncertainty surrounding the payment of future amounts.

Kotsi ye e tšeerwego go peeletšo: Bogolo bja kotsi goba go se be le bonnete malebana le tefo ya tšhelete ya nako ye e tlang.

Ingcuphe yokuba sobala: Izinga elithile lengcuphe noma lokungabinasiqiniseko mayelana nenkokhelo yezimali zangomuso.

Blootstellingsrisiko: Die vlak van risiko of onsekerheid wat die betaling van toekomstige bedrae omsluit.

External risk factors: The risk exposure to an organisation over which that organisation does not have much control. For example, Acts of God, political unrest, economic influences, and environmental exposures.

Mabaka a ka ntle khuetšong ya kgwebo: Kotsi ye mokgatlo o ka bago go yona yeo mokgatlo o se nago maatla a mantši a taolo go yona. Mohlala, ditiro tša Modimo, go se kgotsofatšwe ke mmušo, dikhuetšo go ekonomi, le dikotsi tše di ka amago tikologo gampe.

Izimo eziyingcuphe yangaphandle: Ukwambuleka kwenhlangano isondelane nengcuphe nokusuke kuyingcuphe leyo nhlangano esuke ingenawo amandla okuthi kungaba khona engakwenza ngaleyo ngcuphe. Isibonelo, isimo esibangelwa Yisenzo sikaNkulunkulu, umbhedukazwe wezepolitiki, umthelela wezomnotho, kanye nokwembuleleka kwezemvelo.

Eksterne risikofaktore: Die risikoblootstelling van ’n organisasie waaroor daardie organisasie nie veel beheer het nie. Byvoorbeeld, Handelinge van God, politieke onrus, ekonomiese invloede en omgewingsblootstellings.

Financial ratios: Financial analysis tools that are used to examine various aspects of financial position and performance and that are widely used for planning, control and evaluation purposes.

Tekanyo ya ditšhelete: Didirišwa tša tshekatsheko ya ditšhelete tšeo di šomišwago go hlahloba dintlha le tirišo tša boemo bja ditšhelete gape tšeo di šomišwago ka bophara mererong ya go beakanya, go laola le go lekola.

Isilinganiso sezimali: Amathuluzi okuhlaziywa izimali asetshenziswa ukuhlola izinhlaka ezahlukene zokuma kwezimali kanye nokusebenza kanti imvamisa asetshenziselwa ikakhulukazi izinhloso zokuhlela, ezokulawula kanye nezokukala.

Finansiële verhouding: Finansiële analise-hulpmiddele wat gebruik word om verskeie aspekte van finansiële posisie en prestasie te ondersoek en wat oor ’n wye spektrum gebruik word vir beplanninge-, kontrole en evalueringsdoeleindes.

Financial risk: The risk of loss arising from the financial activities of a firm, including credit risk, market risk and liquidity risk.

Kotsi ya tahlegelo ya ditšhelete: Kotsi ya tahlegelo ye e hlotšwego ke ditirišo tša ditšhelete femeng, go akaretšwa tahlegelo ka lebaka la dikoloto, tahlegelo mebarakeng le tahlegelo ka lebaka la thoto ye e ka se rekwego ka potlako.

Ingcuphe yezezimali: Lena yingcuphe yokulahleka kwezimali nesuke ibangelwe imisebenzi yezimali yefemu leyo, kuhlanganisa nokwebolekisa noma ukweboleka budedengu, ingcuphe yezimakethe kanye nengcuphe yezimali.

Finansiële risiko: Die risiko of verlies voortspruitend uit die finansiële aktiwiteite van ’n maatskappy, insluitende kredietrisiko, markrisiko en likiditeitsrisiko.

Financial statement: A report summarising the financial condition of an individual, partnership or business organisation. The following statements are reported on:

Balance sheet (assets, liabilities and net worth as of a certain date)

Income statement (summary of income and expenses)

Statement of cashflows (summarising of the sources and uses of funds in a given year)

Setatamente sa ditšhelete: Pego yeo e fago ka kakaretšo kemo ya ditšhelete tša motho, kgwerano goba mokgatlo wa kgwebo. Ditatamente tše di latelago di begwa go:

Letlakala la tekanyetšo (dithoto, dikoloto le bokaalo bjo bo šalago ka letšatšikgwedi le itšego)

Setatamente sa ditseno (kakaretšo ya ditseno le ditshenyegelo)

Setatamente sa tšhelete ye e tsenago le ye e tšwago (go akaretša methopo le ditšhomišo tša tšhelete ya sekhwama ka ngwaga wo o filwego)

Isitatimende sezezimali: Lona umbiko ofingqa noma obeka ngamafuphi isimo sezezimali esiqondene nomuntu othile, inkampani ethile, noma inhlangano ethile. Kanti nazi ezinye izitatimende zezezimali okuyaye kubikwe ngazo:

Iphepha lebhalansi (izinto umuntu anazo, izikweletu kanye nenani lemali elikhona lonkana kusukela ngosuku oluthile)

Isitatimende semali engenayo (sibeka ngamafuphi imali engenayo kanye nezindleko)

Isitatimende sokuphuma nokungena kwezimali (sibeka ngokufingqiwe imithombo lapho kuvela khona izimali kanye nokusebenza kwezimali onyakeni othile oshiwo)

Finansiële staat: ʼn Verslag waarin die finansiële stand van ʼn individu, vennootskap of organisasie opgesom word. ʼn Mens kry die volgende tipes state:

Balansstaat (bates, finansiële verpligtinge en netto waarde soos op ʼn spesifieke datum)

Inkomstestaat (opsomming van inkomste en uitgawes).

Staat of kontantvloei (opsomming van die bronne en gebruike van fondse in ʼn spesifieke jaar).

Fiscal policy: The government's decisions about the amount of money it spends and collects in taxes.

Molaotshepetšo wa Fiskale: Diphetho tša mmušo ka ga bokaalo bja tšhelete ye o e šomišago le go e kgoboketšago ka tsela ya metšhelo.

Umgomo wezezimali: Lezi yizinqumo zikahulumeni mayelana nenani lemali uhulumeni ayisebenzisayo kanye naleyo ayiqoqayo ngezintela.

Fiskale beleid: Die regering se besluite betreffende die bedrag geld wat die regering in die vorm van belasting bestee en invorder.

Foreign investment risk: The possible risks that arise when a business pursues opportunities abroad.

Kotsi ya peeletšo dinagengdišele: Kotsi ye e ka bago gona ge kgwebo e bona dibaka tša go gweba mafaseng a šele.

Ingcuphe yokutshala izimali emazweni angaphandle: Lezi yizingcuphe okungenzeka zibe khona nokungenzeka zivumbuke uma ibhizinisi lithatha isinqumo sokuthi kelibheka amathuba amabhizinisi kwezinye izindawo phesheya kwezilwandle.

Buitelandse beleggingsrisiko: Die moontlike risiko's wat ontstaan wanneer ʼn besigheid geleenthede oorsee najaag.

Gap analysis: Is used to identify the main risks linked to a certain activity or project of the business.

Setshakatsheko ya sekgala: E šomišwa go šupa dikotsi tše kgolo tše di tswalanego le tiro goba protšeke ye nngwe ya kgwebo.

Ukuhlaziywa kwegebe: Lokhu kusetshenziselwa ukuhlaziya izingcuphe ezinkulu ezimataniswa nomsebenzi othile noma neprojekthi ethile yebhizinisi.

Gapingsanalise: Word gebruik om die belangrikste risiko's te identifiseer wat aan 'n spesifieke aktiwiteit of projek van die besigheid gekoppel is.

Gap financing: Also referred to as bridge or interim financing, gap financing refers to a short-term loan for the purpose of meeting an immediate financial obligation until sufficient funds to finance the longer-term financial need can be secured.

Kadimo ya nakwana: Gape e bitšwa kadimo ya magareng, kadimo ya nakwana e šupa kadimo ye e dirwago ya nako ye kopana ka morero wa go kgotsofatša ditshwanelo tša ka pela tša ditšhelete go fihlela tšhelete ye e lekanego ya go phethagatša dinyakwa tša tšhelete tša pakatelele di fihlelelwa.

Imali yokuvala igebe: Lokhu kubuye kwaziwe njengemali yokuvala isikhala noma imali yokuvala ibhuloho noma igebe ngoba kusho imalimboleko yesikhathi esifushane ethathwa ngokwenhloso yokuhlangabezana nombandela wezezimali ophuthumayo noma wangaleso sikhathi kuze kuba kutholakala izimali zesikhathi eside ezanele.

Gapingsfinasiering: Dit word ook oorbruggings- of interim finansiering genoem en verwys na 'n korttermynlening met die doel om 'n onmiddellike finansiële verpligting na te kom totdat voldoende fondse beskikbaar is om aan die langer-termyn finansiële behoefte te voldoen.

Health and safety risk: The risk of injury or ill health to, or fatality of, an employee or employees.

Kotsi go maphelo le tšhireletšo: Kotsi ya go gobala goba go se phele gabotse ga, goba kotsi ye e bolayago mošomedi goba bašomedi.

Ingcuphe yempilo nokuphepha: Lokhu kuqondiswe kwingcuphe yokulimala noma yempilo ebuthaka noma ingcuphe yokushona komsebenzi othile noma kwabasebenzi abathile.

Gesondheids- en veiligheidsrisiko: Die risiko van 'n besering of swak gesondheid of afsterwe van 'n werknemer of werknemers.

Income statement: A component of the financial statements of a firm that measures the financial performance during a certain period and which states whether a profit or a loss was recorded. The income statement is also referred to as the earnings statement of operations, or the profit-and-loss statement.

Setatamente sa ditseno: Seripana sa ditatamente tša ditšhelete tša feme tšeo di elago tšhomišo ya ditšhelete pakeng ye e itšego gape tšeo di begago ge eba poelo goba tahlegelo e rekhotilwe. Setatamente sa ditseno gape se bitšwa setatamente sa meputso ya ditshepedišo, goba setatamente sa ditseno le ditahlegelo.

Isitatimende semali engenayo: Lena yingxenye yesitatimende sezimali sefemu esikala ukusebenza kwezimali esikhathini esithile esishiwo kanti siyasho ukuthi ngabe yimalini eyenziwe yinkampani noma elahlekele inkampani. Isitatimende semali engenayo kubuye kuthiwe yisitatimende sokusebenza kwezimali ezitholiwe, noma kuthiwe nje isitatimende senzuzo kanye nezimali ezilahlekile.

Inkomstestaat: 'n Komponent van die finansiële state van 'n maatskappy wat die finansiële prestasie gedurende 'n spesifieke tydperk meet, waarin wins of 'n verlies aangetoon word. Daar word ook na die inkomstestaat verwys as die verdienstestaat van werksaamhede, of die wins-en-verliesstaat.

Inflation: A condition characterised by a continuous rise in the general level of prices in an economy.

Kgolo le theogo ya ditheko: Kemo ye e farologantšhwago ka tlhatlogo ye e tšwelelago boemongkakaretšo bja ditheko ekonoming.

Ukwenyuka kwamanani: Lesi yisimo esithile esinokwenyuka kakhulu kwamanani ezinto ezithengwayo emnothweni.

Inflasie: 'n Toestand wat gekenmerk word deur 'n voortdurende vlak van prysstyging in 'n ekonomie.

Inflation rate: The rate of change of the general price level, usually measured as a percentage change per year.

Lebelo la kgolo le theogo ya ditheko: Lebelo la phetogo ya boemo bja theko ka kakaretšo, gantši e ela phetogo ya phesente mo ngwageng.

Izinga lokwenyuka kwamanani okudla nezimpahla: Leli yizinga lokushintsha kwenani elivamile lokubiza kwezimpahla, imvamisa kukalwa njengoshintsho lwephesenti ngonyaka.

Inflasiekoers: Die koers van verandering van die algemene prysvlak, gewoonlik gemeet as 'n persentasie verandering per jaar.

Inflation targeting: The decision by the authorities to set a measurable target for the country's inflation rate and to focus macroeconomic policies, especially monetary policy, on the achievement of this objective.

Tebo go Kgolo le theogo ya ditheko: Sephetho sa balaodi sa go bea tebo ye e ka elwago ya lebelo la kgolo le theogo ya ditheko nageng le go nepiša melaotshepedišo ya ekonomi ya naga, gagolo melaotshepedišo ya ditšhelete, phihlelelong ya maikemišetšo a.

Ukubheka nokwenyuka kwamanani: Lesi yisinqumo esithathwa yilabo abasemagunyeni noma abaphethe ukubeka izinhloso ezithile okufinyelelekayo kuzo ukuze kubhekwane nezinga lokukhula kwamanani okudla nezimpahla ezweni kanye nokugxilisa izinqubomgomo ezihlangene nokusebenza kwezimali ekutheni zikwazi ukuphumelelisa le nhloso.

Inflasieteikening: Die besluit deur die owerhede om 'n meetbare teiken vir die land se inflasiekoers daar te stel en om op makro-ekonomiese beleide te fokus, veral die monetêre beleid, met die bereik van hierdie doelwit.

Influence diagrams: A graphic representation of a model used to assist in model design, development and understanding.

Dithalo tša khuetšo: Tlhagišo ya dithalo tša mmotlolo tše di šomišwago go thuša tlhakong, tšweletšong le kwešišo ya mmotlolo.

Imidwebo yokuba namandla: Lona wumdwebo othile omele imodeli ethile esiza ukwelekelela kumklamo, ekuthuthukiseni kanye nasekuqondeni ngomklamo lowo.

Invloeddiagramme: 'n Grafiese voorstelling van 'n model wat gebruik word om te help met modelontwerp, -ontwikkeling en -begrip.

Information governance: Is an emerging discipline with an evolving definition. The discipline embodies a convergence of data quality, data management, business process management, and risk management surrounding the handling of data in a company. Also defined as data governance.

Bolaodi bja tshedimošo: Ke lefapha le le hlagelelago ka tlhalošo ye e golago gannyanegannyane. Lekala le le akaretša kopanyo ya boleng bja datha, taolo ya datha, taolo ya tshepedišo ya kgwebo, le taolo ya kotsi tše di ka welago tšhomišong ya datha khamphaning. Gape e hlalošwa bjalo ka taolo ya datha.

Ukuphathwa kolwazi: Lesi yisifundo esisha kanti sinencazelo ejikajikayo. Kanti lesi sifundo sifaka phakathi ukuhlanganiswa kwekhwalithi ephezulu yolwazi, ukuphathwa kolwazi, ukuphathwa kwezinhlaka zokulawula ibhizinisi kanye nokulawula izingcuphe ezisondelene nokuphathwa kolwazi kwinkampani. Kuphinda futhi kubizwe ngokuthi ukuphathwa kwedatha.

Inligting bestuur: Dit is 'n ontluikende vakgebied met 'n definisie wat nog steeds ontwikkel. Hierdie vakgebied beliggaam 'n samevloei van datagehalte, databestuur, besigeidsprosesbestuur en risikobestuur wat die hantering van data in 'n maatskappy omsingel. Dit staan ook bekend as databestuur.

Information security: Information security is the protection of information from a wide range of threats in order to ensure business continuity, minimise business risk, and maximise return on investments and business opportunities.

Tšhireletšo ya tshedimošo: Tšhireletšo ya tshedimošo ke polokego ya tshedimošo kgahlanong le ditšhošetšo tše di fapanego go netefatša gore kgwebo e tšwela pele, phokotšego ya kotsi kgwebong, le kgodišo ya dipoelo go dipeeletšo le dibaka tša kgwebo.

Ukuvikeleka kolwazi: Ukuvikeleka kolwazi kusho ukuphephisa ulwazi kwizinto eziningi kakhulu ebezingakwazi ukuthi ziluthinte ukuze kuqinisekiswe ukuthi ibhizinisi liyaqhubeka, kuncishiswa izingcuphe zebhizinisi, futhi kukhuliswa izinzalo zezimali ezitshaliwe kanye namathuba amabhizinisi.

Inligtingsekerheid: Inligtingsekerheid is die beskerming van inligting teen 'n wye reeks van bedreigings om besigheidsvoortsetting te verseker, besigheidsrisiko te minimaliseer en terugbetaling op beleggings en besigheidsgeleenthede te maksimaliseer.

Information technology (IT): The collection, storage, processing and communication of information by electronic means.

Theknolotši ya tshedimošo (IT): Kgoboketšo, poloko, tšhomišo le kgokaganyo ya tshedimošo ka mokgwa wa theknolotši.

Ubuchwepheshe bamakhompyutha (IT): Ukuqoqwa, ukugcinwa, ukwedluliswa kanye nokuxhumana kolwazi kusetshenziswa izindlela ze-elekthronikhi noma izindlela zamakhompyutha.

Inligtingtegnologie (IT): Die elektroniese versameling, berging, prosessering en kommunikasie van inligting.

IT governance: IT governance can be considered as a framework that supports effective and efficient management of IT resources to facilitate the achievement of a company's strategic objectives.

Bolaodi bja IT: Bolaodi bja IT bo ka akanywa go ba tlhako yeo e thekgago taolo ya dithuši tša IT ye e phethagatšago gape e dirago ka phethagalo go kgontšha phihlelelo ya maikemišetšo a bohlokwa a khamphani.

Ukuphatha ngobuchwepheshe bamakhompyutha: Ukuphatha ngobuchwepheshe bamakhompyutha kuthathwa ngokuthi wuhlaka olweseka ukuphathwa ukuphathwa ngendlela kwezinsiza zamakhompyutha ukwenza lula ukuphatha kwenkampani ukuze ikwazi ukuphasisa amacebo ayo angamaqhinga okusebenza.

IT-bestuur: IT-bestuur kan beskou word as 'n raamwerk wat effektiewe en doeltreffende bestuur van IT-hulpbronne om die bereiking van 'n maatskappy se strategiese doelwitte te bevorder.

Insurance: An economic device whereby the individual substitutes a small certain cost (the premium) for a large uncertain financial loss (the contingency insured against) that would exist if it were not for the insurance contract. Also, an economic device for reducing and eliminating risk through the process of combining a sufficient number of homogeneous exposures into a group in order to make the losses predictable for the group as a whole.

Inšorense: Sedirišwa sa ekonomi seo ka sona motho a beago tefo ye e itšego ye nnyane (premiamo) sebakeng sa tahlegelo ye kgolo ye e ka se netefatšwego ya tšhelete (tiragalo ye e ka diragalago ye e inšorilwego) ye e ka bago gona ge e ka be e se ka kontraka ya inšorense. Gape, ke sedirišwa sa ekonomi sa go fokotša le go tloša tahlegelo ka tshepedišo ya go hlakanya palo ye e lekanego ya ditšhošetšo tše di ka hlolago tahlegelo ka go sehlopha gore sehlopha ka botlalo se be le ditetelo tša tahlegelo.

Umshuwalense: Lena yinto ethile yomnotho lapho khona umuntu mumbe eyaye abeke izindleko ezincane zemali ethile azoyikhokha (iphrimiyamu) ukuze athole isamba esikhulu ngokulahlekelwa yimali okungaqinisekisiwe (leyo nto esuke ithathelwe umshuwalense lowo) okusuke kufanele ngabe ikhona ukuba kuthiwe bekungesona isimo sesivumelwano somshuwalense. Kuphinda futhi kube yinto yomnotho ethile eyokunciphisa kanye nokuqeda ingcuphe ngokohlelo lokuhlanganisa izinto eziningi ezifanayo zibe yiqoqo elilodwa ukuze ukulahlekelwa kube yinto ekwazi ukuqaguleka kwiqoqo lonkana ngokuhlanganyela.

Versekering: 'n Ekonomiese instrument waar die individu 'n klein bedraggie (die premie) verruil vir 'n groot onseker finansiële verlies (die gebeurlikheid waarteen verseker word) wat sou bestaan indien daar nie 'n versekeringskontrak bestaan het nie). Dit word ook beskryf as 'n ekonomiese instrument vir die vermindering of uitskakeling van risiko deur die proses om 'n voldoende aantal homogene blootstellings in 'n groep te kombineer om die verliese voorspelbaar te maak vir die hele groep.

Insurance contract: An agreement between two parties (the insurer as protection provider and the cedant as protection purchaser) that exchanges an ex-ante premium for an ex-post claim, with no ability to readjust the claim amount once it has been agreed.

Kontraka ya inšorense: Tumelelano gare ga diphathi tše pedi (moabi wa inšorense bjalo ka moabi wa tšhireletšo le phathi ye e fiwago ditshwanelo tša ditšhelete ka morago ka tahlegelo bjalo ka moreki wa tšhireletšo) yeo e ananyago premiamo go ya ka dipoelo tše di laolelwago pele (ex-ante) go kleime ye e theilwego go dipoelo tša mannete, ntle le bokgoni bja go beakanya bokaalo bja kleime seswa ge go šetše go dumelanwe.

Inkontileka yomshuwalense: Lesi yisivumelwano phakathi kwezinhlaka ezimbili (okungumhlinzeki ngomshuwalense okunguyena ohlinzeka ngokuvikeleka kanye nalowo ohlinzekwe ngomshuwalense okungumuntu othenge umshuwalense) kanti lesi sivumelwano sishintshana ngephrimiyamu ecatshangelwayo ukuthi ingahle ibe yimalini ukuze kukhokhwe inani langempela lemali esuke ifunwa ngesehlakalo leso esenzekile, kanti kusuke kungeke kusenzeka ukuthi kubuye kushintshwe inani lemali okusuke kufanele ukuthi likhokhwe uma leso sehlo sivela ngemuva kokuba sekuvunyelwene ngalo lelo nani.

Versekeringskontrak: 'nOoreenkoms tussen twee partye (die versekeraar as beskermingsvoorsiener en die sedent as beskermingsaankoper) wat 'n ex-ante premie vir 'n ex-post eis verruil, sonder die vermoë om die eisbedrag aan te pas nadat oor die bedrag ooreengekom is.

Integrity: The property of safeguarding the accuracy and completeness of assets.

Tshepagalo le go dira ka go loka: Semelo sa go hlokomela dithoto ka polokego le ka botlalo le ka botshepegi.

Ubuqotho: Indlela yokubheka ukushaya khona kanye nokuphelela kwezinto ngokufanele.

Integriteit: Die eiendom wat verseker word, die akkuraatheid en volledigheid van bates.

Interest: Where the term is used in the context of interest to be charged or paid, this is the amount charged to you in respect of the amount you owe, or where interest is paid to you in respect of your savings or investments. This is usually expressed as a percentage with reference to a period (example: per annum). Credit interest is the interest that the bank pays to customers who deposit money at the bank and debit interest is the interest that the bank charges customers that borrow money from it.

Tswala: Fao lereo le šomišitšwego kemong ya tswala ye e lefišwago goba e swanetšwego go lefša, se ke tšhelete yeo o e lefišwago go tšhelete ye o e kolotago, goba fao tswala e lefšago malebana le tšhelete ye o e bolokilego goba go dipeeletšo tša gago. Yona gantši e bontšhwa bjalo ka phesente ge go šupša paka (mohlala: ka ngwaga). Tswala go sekoloto ke tswala ye panka e e lefago badirelwa bao ba adimago tšhelete go yona.

Inzalo: Leli temu uma lisetshenziswe ukusho lokho okusuke kufanele ukuthi kube yimali ebizwa ngezimpahla ezithile, lokhu kusho inani elithile lemali elinqunywa ngenali leyo wena osuke uyikweleta ngaleso sikhathi noma kuba yinzalo wena okhokhelwa yona ngezimali zango osuke uzilondolozile noma uzitshalile. Lokhu imvamisa kuyaye kunqunywe ngokwamaphesenti athile nangokwesikhathi esithile (isibonelo:per annum okusho okuthi ngonyaka). Uma sikhuluma nge-credit interest sikhuluma ngemali eyinzalo ibhange eliyikhokhela amakhasimende afaka izimali zawo kulelo bhange bese kuthi lokhu okubizwa nge-debit interest kube yinzalo ibhange eliyibiza kumakhasimende asuke eboleke izimali kulo.

Rente: Waar die term gebruik word in die konteks van rente wat gehef of betaal moet word, word hierdie bedrag van u gehef ten opsigte van die bedrag u skuld, of waar rente aan u betaal word ten opsigte van u spaargeld of beleggings. Dit word gewoonlik as ’n persentasie uitgedruk met verwysing na ’n tydperk (byvoorbeeld: per jaar). Kredietrente is die rente wat die bank aan die kliënte betaal wat geld in die bank deponeer endebietrente is die rente wat die bank van kliënte hef wat geld geleen het.

Interest rate risk: The risk of change in value caused by a deviation of the actual interest rates from the expected interest rates.

Kotsi ya lekgetho la tswala: Kotsi ya phetogo ya boleng ye e hlolwago ke phapogo ya lekgetho la tswala ya mannete go tšwa go lekgetho la tswala le le letetšwego.

Ingcuphe yezinga lenzalo yemalimboleko: Lena yingcuphe yokushintsha kwenani okubangelwa ukwehluka kwamanani enzalo yemalimboleko ukunalokho okusuke kulindelwe ngaleso sikhathi.

Rentekoers-risiko: Die risiko van waardeverandering wat veroorsaak word wanneer die werklike rentekoers afwyk van die verwagte rentekoers.

Integrated reporting: A holistic and integrated representation of the company’s performance in terms of both its finances and its sustainability.

Kgokagano ka tshepedišo ya khamphani: Tlhagišo ka botlalo gape ye e tsenelelanago ya tshepelo ya khamphani go ya ka bobedi ditšhelete le tšwelelo tša yona.

Ubika okudibene: Ukumeleleka okudidiyele nokuhlangene kokusebenza kwenkampani mayelana nezimali zayo kanye nokukwazi ukusimama kwayo.

Geïntegreerde verslaggewing: ’n Holistiese en geïntegreerde verteenwoordiging van die maatskappy se prestasie betreffende sy finansies en volhoubaarheid.

Internal rate of return (IRR): The discount rate that makes NPV equal to 0 or the discount rate that makes the present value of an investment costs equal to the present value of the investment benefits. The IRR rule is an investment decision rule that accepts projects or investments from which the IRR is greater than the opportunity cost of capital.

Lekgetho la ka gare la poelo (IRR): Lekgetho la tswala go dikadimo leo le dirago NPV gore e lekane le 0 goba lekgetho la tswala go dikadimo leo le dirago boleng bja bjale bja ditheko tša peeletšo gore di lekane le boleng bja bjale bja dikholo tša dipeeletšo. Molao wa IRR ke molao wa sephetho sa peeletšo wo o amogelago diprotšeke goba dipeeletšo tšeo go tšona IRR e lego godingwana go ena le tshenyegelo go tiro ye e kgethilwego go hwetša khepetlele.

Izinga lenzalo yangaphakathi (IRR): Leli yinani elihlisiwe elenza ukuthi i-NPV ilingane no-0 noma inani elehlisiwe elenza ukuthi inani lamanje lezindleko zokutshalwa kwezimali lilingane nenani lemihlomulo yokutshalwa kwezimali. Umthetho we-IRR wumthetho wesinqumo sokutshalwa kwezimali owamukela amaphrojekthi noma ukutshalwa kwezimali okutholakala ukuthi izinga lenzalo langaphakathi noma i-IRR inkulu ukwedlula izindleko zokwenza lowo msebenzi.

Interne terugbetalingskoers (ITK): Die afslagkoers wat die netto huidige waarde (NHW) gelykstaande aan 0 maak, of die afslagkoers wat die huidige waarde van 'n beleggingskoste gelykstaande maak aan die huidige waarde van die beleggingsvoordele. Die ITK-reël is'n beleggingsbesluit-reël wat projekte of beleggings aanvaar waarvan die ITK groter as die geleentheidskoste van kapitaal is.

Investment appraisal: The assessment of different large-scale capital projects to see both what is affordable and what is possible. Businesses should consider both the risks and the benefits involved. Investment appraisals also involve looking at different projects and choosing the one that offers the best chance of success.

Go bona kholo go peeletšo: Tekolo ya diprotšeke tša khepetlele ka botlalo go bona ka bobedi kgonagalo ya go lefa le seo se ka kgonagalago. Kgwebo e swanetše go šetša bobedi ditšhošetšo le dikholo tše di akareditšwego. Go bona kholo go dipeeletšo gape go akaretša go lebelela diprotšeke tše di fapanego le go kgetha yeo e fago kgonagalo ye kgolo ya katlego.

Ukunconywa kokutshalwa kwezimali: Lokhu ukuhlolwa kwamaphrojekthi ezimali esizinda esikhulu ukubona ukuthi ngabe yini ekhonakalayo nengenzeka. Amabhizinisi kusuke kufanele ukuthi akubheke kokubili izingcuphe ezikhona kanye nemihlomulo ekhona ebhizinisini. Ukunconywa kokutshalwa kwezimali kufaka phakathi futhi ukubheka amaphrojekthi ehlukene kanye nokukhetha leyo projekthi ehlinzeka ngethuba elingcono kakhulu lempumelelo.

Beleggingswaardebepaling: Die waardebepaling van verskillende grootskaalse kapitaalprojekte om te sien wat bekostigbaar en wat moontlik is. Besighede behoort die risiko's en die voordele betrokke, in aanmerking te neem. Beleggingswaardebepalings behels ook die oorweging van verskillende projekte en die kies van die een wat die beste kans op sukses bied.

Key performance indicator (KPI): High-level snapshots of a business or institution based on specific predefined measures.

Ditšhupo tše bohlokwa tša tiro KPI): Tlhalošišo ye kopana fela ya maemo a godimo ya kgwebo goba institušene ye e theilwego go dikelo tše di šetšego di hlalošitšwe.

Izinkomba ezinqala zokusebenza (KPI): Izinto ezibonakalayo eziphambili zebhizinisi noma zesikhungo kuye ngokwezinqubo ezithile ezichaziwe.

Sleutelprestasie-aanduider (SPA): Hoëvlak momentopnames van 'n besigheid of instansie, gebaseer op spesifieke maatreëls wat vooraf gedefinieer is.

Key risk indicator (KRI): Captured information that provides useful views of underlying risk profiles at various levels within an institution.

Ditšhupo tše bohlokwa tša kotsi (KRI): Tshedimošo ye e bolokilwego ye e fago dikgopolo tše bohlokwa tša diprofaele tša kotsi tše di lego gona maemong ao a fapanego ka go institušene.

Inkomba enqala yengcuphe (KRI): Kusho ulwazi olubekiwe noluhlinzeka ngemibono esebenzayo mayelana nezinhlobo zezingcuphe ezikhona kumazinga ehlukile ngaphakathi kwisikhungo.

Sleutelrisiko-aanduider (SRA): Vasgelegde inligting wat nuttige beskouings van onderliggende risiko-profiele op verskeie vlakke in 'n instansie voorsien.

Latin hypercube sampling: A statistical method used to accurately re-create the probability distribution specified by the distribution function and that creates a cumulative probability distribution curve for each variable.

Sampolo ya Selathini go Lepokisi la sekwere la bogolo bja ditekanyo tše di fetišago tše tharo: Mokgwa wa dipalopalo wo o šomišwago go hlola leswa kabo ya dipalo tše di ka kgonagalago ka nepagalo tše di šupilwego ke fanšene ya phatlalatšo gape wo o hlolago kgopamo ya kabo ya dipalo tše di kgobokantšwego tše di ka kgonagalago go palo efe goba efe ye e ka bago gona.

Indlela yesiLathini yokwenza isampula lokulinganisa: Lena yindlela yangokwezibalo esetshenziselwa ukwakha kabusha isilinganiso sokulinganisela esinembayo nesisuke sishiwo ngumsebenzi wokusabalalisa kanti le ndlela iphinda futhi yakhe ijika elihlanganisayo lokusabalalisa ukudidiyela kwinto ngayinye.

Latynse hiperkubus monsterneming: 'n Statistiese metode wat gebruik word om die waarskynlikheidsverspreiding soos gespesifiseer deur die verspreidingsfunksie akkuraat te rekonstrueer en wat 'n kumulatiewe waarskynlikheidsverspreiding-kurwe vir elke veranderlike skep.

Legal risk: Risk arising from violations of or non-compliance with laws, rules, regulations, prescribed policies and ethical standards.

Tahlegelo ka lebaka la ditshepedišo tša semolao: Tšhošetšo ye e hlolwago ke tlolo ya molao goba go se latele melao, melao ya pušo, melawana, melaotshepedišo ye e laetšwego le mekgwa ya boitshwaro ye e nyakegago.

Ingcuphe yezomthetho: Lena yingcuphe evela ngenxa yokuphambana noma yokungahambisani noma yokungahloniphi imithetho, izimiso, iziqondiso kanye nezinqubomgomo kanye namazinga ezimiso okubekiwe.

Wetlike risiko: Risiko wat voortspruit uit oortreding van of nie-voldoening aan wette, reëls, regulasies, voorgeskrewe beleide en etiese standaarde.

Liquidity: The ability to buy or sell an asset quickly and at a reasonable price based on financial, investment and market information. It is a business ability to satisfy its short-term obligations as they come due.

Kemo ya go ka ba le kheše gabonolo, ka bjako: Bokgoni bja go reka goba go rekiša thoto ka bjako ka theko ye e kgotsofatšago go ya ka tshedimošo ya ditšhelete, peeletšo le mebaraka. Ke bokgoni bja kgwebo bja go kgotsofatša ditshwanelo tša yona tša nakwana nakong ye e swanetšego.

Ukumunca: Lokhu kusho ikhono lokukwazi ukuthenga nokuthengisa into ethile eyinani elikhulu onayo ngokushesha okukhulu, uyithengisa ngenani lemali eliphusile lokho ukususela kulwazi lwezimali, olokutshalwa kwezimali kanye nolwezimakethe onalo. Lokhu kungamandla ebhizinisi okukwazi ukwanelisa izibopho zalo zesikhathi esifushane njengalokhu zivela ngesikhathi eziqhamuka ngaso.

Likiditeit: Die vermoë om ’n bate vinnig te koop of te verkoop teen ’n redelike prys, gebaseer op finansiële, beleggings- en markverwante inligting. Dit is ’n besigheid se vermoë om sy korttermynverpligtinge na te kom wanneer dit betaalbaar is.

Liquidity risk: The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimise a loss.

Kgonagalo ya tahlegelo ka lebaka la go hloka kheše: Tahlegelo ye e hlolwago ke go se bapatšege ga peeletšo ye e ka se rekwego goba ya rekišwa ka bjako go thibela goba go fokotša tahlegelo.

Ingcuphe yokulahlekelwa yizimali: Lena yingcuphe evela ngenxa yokungabibikho yokuthengiseka ngokwemakethe kwento etshaliwe nesuke ingeke ithengeke noma ithengiseke ngokushesha okwanele ukuvikela noma ukwenza ukuthi ukulahlekelwa kube kuncane.

Likiditeit-risiko: Die risiko voortspruit uit die gebrek aan bemarkbaarheid van ’n belegging wat nie vinnig genoeg gekoop of verkoop kan word om verlies te minimaliseer nie.

Loss: Loss can be split into the following two types of loss categories:

- Expected losses: These are the losses that would be expected during a specific time period and would normally fall into the high-frequency/low-frequency impact category.
- Unexpected losses: These are the potential losses that could be experienced in extreme cases and would usually fall into the low-frequency/high-impact category.
- Tobo: Tobo e ka arolwa go ya ka mehuta ye mebedi ye e latelago ya magoro a tobo:

- ditobo tše di letetšwego: tše ke ditobo tše di ka letelwago pakeng ya nako ye e itšego gomme ka tlwaelo di tla wela ka go legoro ka khuetšo la poeletšo ya godimo/ poeletšo ya fase.
- Ditobo tše di sa letelwago: tše ke di ditobo tše di ka kgonagalago tše di ka itemogelwago mabakeng ao a feteletšego gomme a ka wela ka go legoro la khuetšo la poeletšo ya fase/poeletšo ya godimo

Ukulahlekelwa: Ukulahlekelwa kungacazswa kube yile mikhakha eyilezi zinhlobo ezimbili ezilandelayo:

- Ukulahlekelwa okulindelekile: Lokhu ukulahlekelwa okungalindeleka ngesikhathi esithile kanti isikhathi esiningi kungena ngaphansi kohlaka lomkhakha wezinga eliphezulu kanye nezinga eliphansi.
- Ukulahlekelwa okungalindelekile: Lokhu kusho ukulahlekelwa okungahle kwenzeke ezindabeni ezinzima kakhulu futhi isikhathi esiningi kungena ngaphansi kohlaka lomkhakha wezinga eliphansi kanye nezinga eliphezulu.

Verlies: Verlies kan in die volgende twee tipes verlies-kategorieë verdeel word:

- Verwagte verliese: Dit is die verliese wat te wagte kan wees gedurende 'n spesifieke tydperk en sal normaalweg in die hoë-frekwensie/lae-frekwensie impak kategorie val.
- Onverwagte verliese: Hierdie is die moontlike verliese wat in uiterste gevalle ervaar kan word en sal gewoonlik in die lae-frekwensie/hoë-impak kategorie val.

Loss control: A risk management technique where a firm takes necessary precautions to reduce the threat of a particular risk (also known as loss prevention).

Taolo ya tobo: Thekniki ya taolo ya kotsi fao feme e tšeago magato a tšhireletšo a a hlokagalago go fokotša tšhošetšo ya kotsi ye e itšeng (gape e tsebja ka la thibelo ya tobo).

Ukulawula ukulahlekelwa: Leli yicebo lokulawula ingcuphe lapha khona ifemu ithatha izinyathelo ezinqala ukunciphisa inkinga okungenzeka ukuba ikhona kwingcuphe ethile (kubuye futhi kwaziwe ngokuthi ukuvikela ukulahlekelwa).

Verliesbeheer: 'n Risikobestuurtegniek waar 'n maatskappy die nodige voorsorgmaatreëls tref om die bedreiging van 'n spesifieke risiko te verminder (ook bekend as verlies voorkoming).

Loss financing: A broad category of risk management techniques – including transfers, retention and hedging – that is primarily concerned with ensuring the availability of funds in the event of a loss.

Leano la thibelo ya tobo le go godiša poelo: Legorokakaretšo la dithekniki tša taolo ya tobo – go akaretšwa diphetišetšo, tšwelopele ya go rua le go dira dipeeletšo go fokotša kotsi ya go ya godimo le fase ga theko ya thoto – yeo motheo wa yona e lego go netefatša go ba gona ga sekhwama nakong ya tobo.

Ukubhekela ukulahleka kwezimali: Lawa ngamacebo namaqhinga okulawula izindlela zokuphathwa kwengcuphe evulelekile – okuhlanganisa ukwedluliswa kwezimali ukubuyiswa kwezimali kanye nokutshala izimali ngendlela yokubhekela ukuthi ungalahlekelwa yizimali zakho uma isimo singasahambi kahle–nasuke ikakhulukazi eqondene nokuthi kuba khona izimali ezitholakalayo uma kufika isikhathi esinzima sokulahleka nokucwila kwezimali ezimakethe.

Verliesfinansiering: 'n Breë kategorie van risikobestuurtegnieke – insluitende oordragte, terughouding en verskansing – wat hoofsaaklik gemoeid is daarmee om te verseker dat fondse beskikbaar is in die geval van 'n verlies.

Loss frequency: Number of times a loss occurs. One of the criteria used in calculating premium rates.

Poeletšo ya tobo: Palo ya makga a tiragalo ya tobo. Ye nngwe ya selekanyo seo se šomišwago go balela dilekanyo tša dipremiamo.

Ukuxhumana kokulahlekelwa: Lokhu kusho inani lezikhathi lapho kunokulahlekelwa khona yizimali. Lena enye yezindlela ezisetshenziswayo ukubala amanani akhokhelwa umshuwalense ngamunye.

Verliesfrekwensie: Die aantal kere wat 'n verlies voorkom. Een van die kriteria wat gebruik word in die berekening van premiekoerse.

Macro political risk: The subjection of all foreign firms to political risk by a host country because of political change, revolution, or the adaption of new policies.

Tšhošetšo ka lebaka la ditiro tša sepolotiki: Kgonagalo ya go amega ga difeme tša dinageng tša ka ntle ka lebaka la ditiro tša sepolotiki tša naga yeo di lego ka go yona ka lebaka la phetogo go tša dipolotiki, moferefere goba tlwaetšo go melaotshepedišo ye meswa.

Ingcuphe yezepolitiki ephelele: Lena yingcuphe lapho khona wonke amafemu angaphandle eba kwingcuphe yezepolitiki ngenxa yoshintsho kwezepolitiki zezwe, yombhedukazwe, noma ngenxa yokwamukelwa kwezinqubo ezintsha zepolitiki.

Makro-politieke risiko: Die onderwerping van alle buitelandse maatskappye aan politieke risiko deur 'n gasheerland as gevolg van politieke veranderinge, revolusie, of die aanpassing van nuwe beleide.

Market risk: That part of a security's total risk that cannot be eliminated by diversification; measured by the beta coefficient.

Tšhošetšo ka lebaka la go akgaakgega ga ditheko mebarakeng: Karolo ya palomoka ya tšhošetšo ya tšhireletšo ye e ka se tlošwego ka go beeletša dithotong tše di fapaneng; ye e elwago ka kelo ya tšhošetšo ye e beakantšwego ya tšhireletšo ge e bapetšwa le mmaraka ka botlalo.

Ingcphe yezimakethe: Kushiwo leyo ngxenye yengcuphe yezokuphepha esuke ingeke ivele isuswe ngenxa yokufaka umnotho ezindaweni eziningi ezahlukene, kanti ikalwa ngokusebenzisa ubuthakathaka baleyo nto esuke ithengiswa (isitoko) ezimakethe ngaleso sikhathi.

Markverwante risiko: Daardie deel van 'n aandeel/instrument/belegging se algehele risiko wat nie deur diversifikasie uitgeskakel kan word nie; gemeet met die beta-koëffisiënt.

Markov chain: Method used to combine the ideas of probability with those of matrix algebra.

Leboo la Markov: Mokgwa wo o šomišwago go kopanya dikgopolo tša bogolo bja ka moo selo se ka diregago le tša peakanyo ya datha ka go dikholomo le methaladi ka go altšebra.

Iketango likaMarkov: Lena yindlela esetshenziselwa ukuxhumanisa imiqondo yokuthi into ethile kungenzeka yenzeke kanye nalezo zindlela zokubala ngokwe-aljebhra.

Markov-ketting: Metode wat gebruik word om die idees van waarskynlikheid met die van matriks-algebra te kombineer.

Micro identification of risk: Identification of specific risks within each of the major risk classes.

Tšhuponnyane ya kotsi: Tšhupo ya dikotsi tše di itšeng ka go magoro a mangwe le a mangwe a magolo a kotsi.

Ukuhlozwa kwengcuphe encane kwezinkulu: Lokhu ukuhlonzwa kwengcuphe ngayinye ngaphakathi kwamakilasi engcuphe enkulu.

Mikro-identifikasie van risiko: Identifikasie van spesifieke risiko's binne elkeen van die belangrikste risiko-klasse.

Micro political risk: The subjection of an individual firm, a specific industry, or companies from a particular foreign country to political risk by a host country.

Kotsi ya ditiro tša sepolotiki: Kgonagalo ya feme ye e itšeng, intasteri ye e itšeng, goba dikhamphani go tšwa dinageng tša ka ntle go ka ba kotsing ka lebaka la ditiro tša sepolotiki nageng ye dikgwebo di lego go yona.

Ingcuphe encane yezepolitiki: Ukufakwa kwefemu eyodwa ethile, kwemboni ethile, noma kwezinkampani eziqhamuka ezweni elithile langaphandle kwingcuphe yezepolitiki lokho kwenziwa yizwe lapho lefemu noma lezi zinkampani zizinze khona.

Mikro-politiese risiko: Die onderwerping van 'n individuele maatskappy, 'n spesifieke industrie, of maatskappye van 'n spesifieke oorsese land aan politieke risiko deur 'n gasheerland.

Monetary policy: A central bank's actions to influence the availability and cost of money and credit. Tools of monetary policy include open market operations, accommodation policy, reserve requirements and the monetary policy interest rate.

Melaotshepetšo ya ditšhelete: Ditiro tša dipanka tša sentrala go huetša go ba gona le tswalo ye e ka hwetšwago go dipeeletšo kgwebong.

Inqubomgomo yezezimali: Lokhu kusho izenzo zebhange lombuso okuhloswe ngazo ukwenza ukuthi kube khona imali kanye nenani layo kuhlanganisa nokuhlinzekwa ngezinto ngesikweletu. Amathuluzi enqubomgomo yezimali afaka phakathi ukusebenza kwemakethe evulelekile, inqubomgomo yokuhlinzekwa ngezimali zokusebenza, izidingo zezimali ezibekwe ethala kanye namanani emalimboleko amaqondana nenqubomgomo yezimali.

Monetêre beleid: 'n Sentrale bank se handelinge om die beskikbaarheid en koste van geld en krediet te beïnvloed. Hulpmiddele van monetêre beleid sluit opemark-werksaamhede, akkommodasiebeleid, reserwevereistes en die monetêre beleid rentekoers in.

Money laundering: A term that covers a wide range of activities and processes intended to obscure the source of illegally obtained money and to create the appearance that it has originated from a legitimate source.

Tšhomišo ya tšhelete ya bohodu ka mo o ka rego e molaong: Lereo leo le akaretšago ditiro le ditshepedišo tše ntši tšeo di fapanego tše di ikemišeditšego go fihla mothopo wa tšhelete ye e hweditšwego ka mokgwa wo o sego molaong le go hlola ponagalo ya gore e tšwa mothopong wo o lego molaong.

Ukuganga ngemali: Leli yitemu elisetshenziselwa ukusho inqwaba yemisebenzi eyahlukene kanye nezinhlaka ezahlukene ukuvimba nokusitha umthombo wezimali ezitholakale ngendlela engacacile kanye nokwakha isithombe sokuthi lezo zimali ziphuma emthonjeni ofanele nosemthethweni.

Geldwassery: 'n Term wat 'n wye spektrum van aktiwiteite en prosesse insluit wat poog om die bron van geld wat op 'n onwettige wyse bekom is te verdoesel en om die indruk te skep dat die oorsprong daarvan wettig is.

Monte Carlo simulation: A method used by a business to evaluate the effect of uncertainty on a planned activity in a range of situations, using random numbers to sample from a probability distribution.

Kekišo ya Monte Carlo: Mokgwa wo o šomišwago ke kgwebo go ela khuetšo ya go se be le bonnete bja go ba gona ga tiragalo ye e beakantšwego dikemong tše di fapanego, ka go šomiša dipalo ka go se kgethe go dira disampolo go tšwa phatlalatšong ya tiragalo ye e ka kgonagalago.

Ukulingisa kwaseMonte Carlo: Lena yindlela esetshenziswa ngamabhizinisi ukukala umthelela wokungabinasiqiniseko kumsebenzi ohlelwayo kwizimo eziningi ezahlukene, kusetshenziswa izinombolo ezingefani ukuze kutholakale isampula elithile lokusatshalaliswa kwezinto lezo.

Monte Carlo-simulasie: 'n Metode wat deur 'n besigheid gebruik word om te evalueer wat die effek van onsekerheid op 'n beplande aktiwiteit in 'n reeks situasies sal wees deur die gebruik van willekeurige getalle om monsters te neem uit 'n waarskynlikheids-verspreiding.

Net present value (NPV): The difference between the initial investment amount and the present value of a project's expected future cash flows, discounted at the appropriate cost of capital. The NPV is a direct measure of the value a project creates for a company's shareholders. It is an investment decision rule that states that an investment should be undertaken if it is NPV is positive, but not undertaken if it is NPV negative.

Mašalela a bokaalo bja bjale (NPV): Phapang gare ga bokaalo bja peeletšo ya mathomo le bokaalo bja bjale bja tšhelete ye e letetšwego ye e tla tsenago le ye e tla tšwago nakong ye e tlang ya protšeke, ye e lekotšwego go ya ka theko ya khepetlele.

Inani lamanje lesilinganiso (NPV): Lokhu kusho umehluko okhona phakathi kwenani lakuqala lemali etshaliwe kanye nenani lamanje lemali nokulindeleke ukuthi kube yimali ehlawumbiselwayo yangomuso, bese iba namanani emali eyisaphulelo esifanele. I-NPV yindlela eqondile yenani eyakhiwa yiprojekthi iyakhela abanikazi bamasheya kwinkampani. Lona ngumthetho wesinqumo sokutshalwa kwezimali othi ukutshalwa kwezimali kufanele ukuthi kufanele ukuthi kwenziwe uma kuhamba kahle ngokwe-NPV, kodwa kungathathwa futhi uma kungahambi kahle ngokwe-NPV.

Netto huidige waarde (NHW): Die verskil tussen die aanvanklike beleggingsbedrag en die huidige waarde van 'n projek se verwagte toekomstige kontantvloei, verdiskonteer teen die toepaslike kapitale koste. Die NHW is 'n direkte meting van die waarde wat 'n projek vir 'n maatskappy se aandeelhouers skep. Dit is 'n beleggingsbesluit-reël wat staaf dat 'n belegging gemaak moet word indien dit NHW-positief is, maar nie as dit NHW-negatief is nie.

Non-diversifiable risk: Risk that is common to all companies and therefore cannot be eliminated; also known as systematic risk.

Kotsi ye e amago mmaraka ka bophara: Kotsi ye e tlwaelegilego dikhamphaning ka moka gomme ka gorealo e ka se tlošwego; gape e tsebja ka la kotsi ye beakantšwego.

Ingcuphe engahlukaniseki: Ingcuphe eyejwayelekile kuzona zonke izinkampani nokusho ukuthi yingcuphe esuke ingeke iqedwe, kanti iphinda futhi yaziwe ngokuthi yingcuphe ewuhlelo oluthile.

Nie-diversiviseerbare risiko: Risiko wat algemeen voorkom by alle maatskappye en daarom nie weggelaat kan word nie; dit staan ook bekend as sistematiese risiko.

Normal loss expectancy: The average expected loss that could result from a single event where risk control measures were installed and functioned as intended.

Tetelo ya tahlegelo ya tlwaelo: Palogare ya tahlegelo ye e letetšwego ye e ka hlolegago go tšwa tiragalong e tee fao magato a taolo ya kotsi a beilwego le go šomišwa ka mo go ikemišeditšwego.

Ukulahleka okulindelekile: Isilinganiso sokulahlekelwa esilindelekile okungenzeka ukuthi siholele kwisigameko esisodwa lapho khona izindlela zokulawula izingcuphe zifakwe khona bese futhi zisebenza ngendlela okuhloswe ukuthi zisebenze ngakhona.

Normale verliesverwagting: Die gemiddelde verwagte verlies wat mag voortspruit uit 'n enkele gebeurtenis waar risikobeheermaatreëls geïnstalleer was en gefunksioneer het soos wat die bedoeling was.

Operational risk: According to the Basel Committee on Banking Supervision, the definition of operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk but excludes strategic and reputational risk. It is also important for a business to develop a specific operational risk definition that is appropriate to the business environment.

Kotsi ya ditshepedišo: Go ya ka Komiti ya Basel ya kokamelo ya dipanka, tlhalošo ya kotsi ka lebaka la ditshepedišo tše di foloditšego ke kotsi ya tahlegelo ye e lego thwi goba ye e sego thwi ka lebaka la ditshepedišo tša ka gare tše di sa lekanago goba tšeo di foloditšego, batho le dipeakanyo go tšwa ditiragalong tša ka ntle. Tlhalošo e akaretša kotsi ka mabaka a semolao eupša ga e akaretše kotsi ka lebaka la maano ao a sa atlegago le kotsi ka lebaka la tshenyego ya leina la kgwebo. Go bohlokwa go kgwebo go tšweletša tlhalošo ya kotsi ka lebaka la ditshepedišo tše di foloditšego ye e lego ya maleba lefelong la kgwebo.

Ingcuphe yokusebenza: Ngokusho Kwekomidi laseBasel Lezokuphathwa Kokubhenka,incazelo yengcuphe yokusebenza kusho ingcuphe yokulahleka okuqondile noma okungaqondile nokusuke kubangelwe yizinhlaka zangaphakathi ezingenele noma okubangelwe yizigameko zangaphandle. Le ncazelo ifaka phakathi ingcuphe yangokomthetho kodwa ayiyifaki ingcuphe yangokwamaqhinga kanye nengcuphe yesithunzi. Kubalulekile futhi kwibhizinisi ukuthi libe nencazelo yengcuphe yokusebenza efanelene nendawo yebhizinisi.

Bedryfsrisiko: Volgens die Basel-komitee vir Banktoesighouding is die definisie van bedryfsrisiko die risiko van direkte of indirekte verlies, voortspruitend uit ontoereikende of mislukte interne prosesse, mense en stelsels of uit eksterne gebeure. Die definisie sluit wettige risiko in maar sluit strategiese en reputasie risiko uit. Dit is ook belangrik vir 'n besigheid om 'n spesifieke bedryfsrisiko-definisie te ontwikkel wat gepas is vir die besigheidsomgewing.

Pareto analysis: The simple process of ranking or ordering risks once they have been assessed, to determine the order in which they should be managed.

Tshekatsheko ya Pareto: Tshepedišo ye bonolo ya peakanyo go ya ka boemo goba tatelano ya dikotsi ge di šetše di lekotšwe, go šupa tatelano ye di swanetšego go laolwa ka yona.

Uhlaziyo lwePareto: Lolu wuhlelo olulula lokubeka noma lokuhlela ngononina izingcuphe ngemuva kokuba sezihloliwe, ukuthola ukuthi ngabe kufanele ukuthi zilawulwe kanjani.

Pareto-analise: Die eenvoudige proses waartydens risiko's geklassifiseer of georden word nadat dit beoordeel is, om te bepaal in watter volgorde dit bestuur moet word.

Pareto rule: A rule based on two principles: Eighty per cent of claims cost is caused by twenty per cent of exposures; and as the size of potential losses increases, the frequency of the loss event will normally decrease.

Molao wa Pareto: Molao wo o theilwego go dikokwane tše pedi: diphesente tše masomeseswai tša tšhelete ya kleime di hlotšwe ke diphesente tše masomepedi tša tšhelete ye o ka e lobago peeletšong; gape ge bogolo bja ditahlegelo tše di ka bago gona bo oketšega, poeletšo ya tiragalo ya tahlegelo ka tlwaelo e ya fase.

Umthetho wePareto: Umthetho ogxile kwimigomo emibili: Izicelo zokufunwa ukukhokhelwa ezibalelwa kumashumi ayisishiyagalombili zonke kanye nosayizi wokulahlekelwa okungabe kwenzakele, kanti ukudamane kulahleka izinto kuyancipha ngokujwayelekile.

Pareto-reël: 'n Reël wat op twee beginsels gebaseer is: Tagtig persent van eise se koste word deur twintig persent blootstellings veroorsaak en namate die grootte van potensiële verliese toeneem, sal die veelvuldigheid van die verlies-gebeurtenis gewoonlik verminder.

Payback period (PP): The number of years required to recover an initial investment. It considers the timing of cash flows and therefore the time value of money, thus the payback period should be as short as possible.

Paka ya go dira ditefelo (PP): Palo ya mengwaga ye e nyakegago go buša peeletšo ya motheo. E šetša peakanyo ya nako ya tšhelete ye e tsenago le ye e tšwago gomme ka gorealo le boleng bja tšhelete bja nako yeo, ka gona paka ya go dira ditefelo e swanetše go ba ye kopana ka mokgwa wo go ka kgonagalago.

Isikhathi sokukhokha (PP): Lokhu kusho inani leminyaka elidingekayo ukuze ukwazi ukuthola imali yokuqala etshaliwe. Lokhu kubheka ukusebenza kwezimali, nokusho ukuthi isikhathi sokukhokha leyo mali esuke ibolekiwe kusuke kufanele ukuthi sibe sifushane ngendlela okungakwazi ukwenzeka ngakhona.

Terugbetalingstydperk (TT): Die aantal jare wat nodig is om 'n aanvanklike belegging te herstel. Dit neem die tydsduur van kontantvloei in ag en daarom die tydwaarde van geld, dus behoort die terugbetalingstydperk so kort as moontlik wees.

People risk: A combination of the detrimental impact of employee behaviour (which may occur anywhere on the continuum between profit erosion and business failure) and employer behaviour (which implies employee efficiency, health and safety or loyalty).

Kotsi ya batho: Kopanyo ya khuetšo ye e hlolago tshenyo ya boitshwaro bja bašomedi (yeo e ka diregago kae le kae tatelanong ye e tšwelelago gare ga phokotšego ya tswala le go palelwa ga kgwebo) le boitshwaro bja mothapi (seo se šupago bokgoni, maphelo le tšhireletšego goba potego tša mošomedi).

Ingcuphe yabantu: Lena yingxubevange yezinto eziphazamisayo neziba nomthelela ekuziphatheni kwabasebenzi (nokuyinto okungenzeka yenzeke noma yikuphi kwisikali esiphakathi kokudleka kwenzuzo yonke eyenziwe kanye nokwehluleka kwebhizinisi) kanye nasekuziphatheni komqashi (nokusho ukwenza umsebenzi ngendlela komsebenzi oqashiwe, ukuphila kwakhe kanye nokuphepha noma ukwethembeka kwakhe).

Menserisiko: 'n Kombinasie van die nadelige impak van werknemergedrag (wat enige plek op die kontinuum tussen wins-erosie en die mislukking van die besigheid kan plaasvind) en werkgewergedrag (wat werknemerdoeltreffendheid, gesondheid en veiligheid of lojaliteit impliseer).

Personal risk management: The process of applying risk management principles to the needs of individual consumers. It is the process of identifying, measuring, and treating personal risk (including, but not limited, to insurance), followed by implementing the treatment plan and monitoring changes over time.

Taolo ya kotsi ya moreki: Tshepedišo ya go šomiša melao ya taolo ya kotsi go dinyakwa tša moreki ka boyena. Ke tshepedišo ya go šupa, go ela le go hlokomela kotsi ya motho ka boyena (go akaretšwa, go se beele mellwane, inšorense), ya latelwa ke go phethagatša leano la tlhokomelo le go lekola diphetogo tshepelong ya nako.

Ukuphatha ingcuphe yomuntu siqu sakhe: Lolu wuhlelo lokusebenzisa imigomo yokulawula ingcuphe ngokuqondene nezidingo zabathengi ngabodwana. Lolu wuhlelo lokuhlonza, ukukala, kanye nokuphatha ngendlela ingcuphe eqondene nomuntu siqu sakhe (kuhlanganisa, nalokho okuthinta umshuwalense, kodwa akusiwona kuphela), lokho okuyaye bese kulandelwa wuhlelo lokwenza okufanele kanye nokubheka izinguquko ngokuhamba kwesikhathi.

Persoonlike risikobestuur: Die proses waartydens risikobestuur beginsels op die behoeftes van individuele verbruikers toegepas word. Dit is die proses van identifisering, meting, inagneming van persoonlike risiko (insluitend, maar nie beperk tot, versekering), gevolg deur die implementering van die behandelingsplan en monitering van verandering oor 'n tydperk.

PEST analysis: A business measurement tool whereby political, economic, social and technology factors are used to look at the market in which the business operates.

Tshekatsheko ya PEST: Sedirišwa sa kelo ya kgwebo seo ka sona dikokwane tša sepolotiki, ekonomi le theknolotši di šomišwago go lebelela mebaraka yeo ka go yona kgwebo e šomago.

Ukuhlaziywa kwe-PEST: Leli yithuluzi lokuhlaziya ukuphathwa kwebhizinisi lapho khona izimo zezepolitiki, zezomnotho, zezenhlalo kanye nezobuchwepheshe zisetshenziswa khona ukubheka imakethe lapho ibhizinisi lisebenza khona.

PEST-analise: 'n Besigheidsmetingshulpmiddel waar politieke, ekonomiese, sosiale en tegnologiese faktore gebruik word om die mark waarin die besigheid funksioneer in oënskou te neem.

Political risk: Risk that arises from the possibility that a host government will take actions harmful to foreign investors or that political turmoil in a company will endanger investments there.

Kotsi ya sepolotiki: Kotsi ye e hlolegago go tšwa go kgonagalo ya gore mmušo wo kgwebo e lego ka go yona o tla tšea magato a a tla amago babeeletši ba dinageng tša ka ntle gampe goba gore meferefere ya sepolotiki khamphaning e tla tsenya dipeeletšo tša gona kotsing.

Ingcuphe yezepolitiki: Lena yingcuphe evumbuka kwisimo sokuthi uma kwenzeka uhulumeni wakulelo lizwe kwenzeka ethatha izinqumo ezingahle zilimaze abatshalizimali bamazwe angaphandle noma uma kwenzeka kuba nombhedukazwe wezepolitiki enkampanini nokungahle kwenzeke ukuthi uphazamise izimali ezitshalwe kulelo lizwe.

Politieke risiko: Risiko wat voortspruit uit die moontlikheid dat 'n gas-regering sal optree of dat politieke onstabiliteit in 'n maatskappy die beleggings daar in gevaar sal stel.

Probability: The chance that a given outcome will occur.

Kgonagalo: Sebaka sa gore tiragalo ye e filwego e tla direga.

Okungahle kwenzeke: Leli yithuba elithile lokuthi umphumela othile ungahle wenzeke.

Waarskynlikheid: Die moontlikheid dat 'n gegewe uitkoms sal plaasvind.

Probability distribution: A model that relates probabilities to the associated outcomes.

Phatlalatšo ya kgonagalo: Mmotlolo wo o tswalanego le dikgonagalo tše di sepelelanego le ditlamorago.

Isabelo salokho okungahle kwenzeke: Lena yimodeli ethile emayelana nokungahle kwenzeke kwimiphumela ethile ehlobene nalokho.

Waarskynlikheidsverspreiding: ʼn Model wat waarskynlikhede in verband bring met verwante uitkomste.

Probability tree: A method used by a business to ensure that all possible outcomes of a risk event have been taken into account. A probability tree illustrates all possible outcomes with associated probabilities.

Sethalo sa mohlare wa kgonagalo: Mokgwa wo o šomišwago ke kgwebo go netefatša gore ditlamorago ka moka tša tiragalo ya kotsi tše di ka kgonagalago di etšwe hloko. Mohlare wa kgonagalo o laetša ditlamorago ka moka tše di ka kgonagalago le dikgonagalo tše di sepelelanago le tšona.

Isihlahla sokungahle kwenzeke: Lena yindlela esetshenziswa yibhizinisi ukuqinisekisa ukuthi yonke imiphumela yesigameko sengcuphe iye yanakwa. Isihlahla salokho okungahle kwenzeke sisho yonke imiphumela okungenzeka ibe khona nemataniswa nokuthile okungahle kwenzeke.

Waarskynlikheidsboom: ʼn Metode wat deur ʼn besigheid gebruik word om alle moontlike uitkomste van ʼn risiko-gebeurlikheid in aanmerking geneem word. ʼn Waarskynlikheidsboom illustreer alle moontlike uitkomste met waarskynlikhede wat daarmee verband hou.

Process and system risk: The risk of failure of processes or systems due to their poor design, complexity or non-performance, and that would give rise to operational losses.

Kotsi ya tshepedišo le peakanyo: Kotsi ya go se atlege ga ditshepedišo goba dipeakanyo, ka lebaka la tlhako ye e fokolago, tharagano le go se šome gabotse ga yona, gape ye e ka hlolago ditahlegelo ka lebaka la phethagatšo ye e sego ya maleba.

Ingcuphe yokuhlelwa nohlelo: Lena yingcuphe yokwehluleka kwezinhlaka noma kwezinto ezithile zokusebenza ngenxa yokwakheka kabi kwazo, ngenxa yobugwenxe bazo noma ngenxa yokungasebenzi kahle kwazo kanti lokho kugcina kwenze ukuthi kube nokulahleka kwezinto zokusebenza.

Proses- en stelselrisiko: Die risiko of mislukking of prosesse of stelsels as gevolg van hul swak ontwerp, kompleksiteit of nie-prestasie en wat tot bedryfsverliese aanleiding kan gee.

Project management: The discipline of planning, organising and managing resources to bring about the successful completion of specific project goals and objectives. It is often closely related to, and sometimes conflated with, programme management.

Taolo ya protšeke: Lefapha la togamaano, go beakanya le go laola didirišwa go tšweletša phethagatšo ka katlego ya dinepo le maikemišetšo tša protšeke ye e itšego. Gantši e tswalane kudu le, nakong ye nngwe e kopanywa le, taolo ya lenane.

Ukusetshenzwa kwamaprojekthi: Lesi yisifundo sokuhlela, ukumisa ngononina kanye nokuphathwa kwezinsizakusebenza ukuze kuphunyeleliswe izinhloso kanye namaphupho weprojekthi ethile. Kanti lo mkhakha isikhathi esiningi uhlobene, kanti kwesinye isikhathi uncikene nesifundo sokuphatha izinhlelo.

Projekbestuur: Die dissipline van beplanning, organisering en bestuur van hulpbronne om die suksesvolle voltooiing van spesifieke projekdoelstellings en doelwitte te verseker. Dit staan dikwels in noue verband met, en smelt soms saam met programbestuur.

Project risk: The risk relating to delivery of a product or service, usually with the constraints of time, cost and quality.

Kotsi ka lebaka la protšeke: Kotsi ye e sepelelanago le go aba setšweletšwa goba tirelo, gantši ka kgapeletšo ya nako, tshenyegelo le boleng.

Ingcuphe yeprojekthi: Lena yingcuphe ehlonene nokulethwa komkhiqizo noma kwensizakalo, isikhathi esiningi okuba nezinkinga zesikhathi, zezindleko kanye nekhwalithi.

Projekrisiko: Die risiko wat verband hou met die lewering van ’n produk of diens, en gewoonlik gepaard gaan met tydsbeperking, koste en gehalte.

Project risk management (PRM): The management of risk exposure in the pursuit of achieving predefined goals.

Taolo ya kotsi ya protšeke (PRM): Taolo ya go ka bewa kotsing tšwetšopeleng ya go fihlelela dinepo tše di šetšego di hlalošitšwe.

Ukulawula kweprojekthi eyingcuphe (PRM): Lokhu kusho ukuphathwa ngendlela kokuzithela engcupheni ukuze kuphunyeleliswe izifiso ebese zichaziwe phambilini.

Projekrisikobestuur (PRB): Die bestuur van risikoblootstelling strewe na die bereiking van voorafgedefinieerde doelstellings.

Quick (acid-test) ratio: A measure of liquidity calculated by dividing a business’s current assets minus inventory by its current liabilities.

Tekanyo ya papatšo ka bjako ya thoto (teko ya esiti): Kelo ya maatla a go ba le kheše gabonolo ye e balelwago ka go arola thoto ya bjale ya kgwebo ka dikoloto tša bjale go ntšhitšwe thoto ye e lego lenaneng.

Isilinganiso sokukala ukushintsheka: Lokhu kusho ukukala izinto okungathi uma zenziwa imali engukheshi ebhizinisini zikwazi ukuba yimali, kanti lokhu kwenziwa ngokuthi kwehlukaniswe izinto ezikhona ebhizinisini ngaleso sikhathi bese ukhipha uhla lwezikweletu ibhizinisi elinazo ngaleso sikhathi.

Vinnige (suur-toets) verhouding: ’n Meting van likiditeit wat bereken word deur ’n besigheid se huidige bates minus inventaris deur sy huidige finansiële verantwoordelikhede te verdeel.

Recovery risk: The risk related to uncertainty over the likely recovery of outstanding amounts due.

Kotsi ya pušetšo: Kotsi ye e tswalanego le go se be le bonnete bja go ka buša tšhelete ye e swanetšego go tsena.

Ingcuphe yokuzuza izimali: Lena yingcuphe emayelana nokungaqiniseki ukuthi ngabe kuyokwenzeka yini ukuthi zitholakale lezo zimali okungabe kudingeka ukuthi zitholakale ngesikhathi okudingeka ukuba zitholakale ngaso.

Herstelrisiko: Die risiko wat verband hou met die onsekerheid oor die waarskynlike herstel van uitstaande verskuldigde bedrae.

Resolution strategy: A predefined plan designed to respond to a particular reccurring risk.

Leano la Tharollo: Leano le le šetšego le hlalošitšwe leo le hlakilwego go lebanya kotsi ye e itšeng ye e ipoeletšago.

Icebo lokusombulula: Leli yi cebo elisuke lichazwe ngaphambilini nelisuke lenzelwe ukuthi likwazi ukubhekana nengcuphe edamame ilokhu yenzeka.

Voorneme-strategie: ’n Vooraf-gedefinieerde plan wat ontwerp is in reaksie op ’n spesifieke herhalende risiko.

Reputational risk: Results from damage to the group’s image among stakeholders, which may impair its ability to retain and generate business.

Kotsi ya tshenyo ya leina: E hlolwa ke tshenyo ya leina la sehlopha gare ga batho bao ba nago le kgahlego go sona, e lego seo se ka huetšago bokgoni bja sona go boloka le go tšweletša kgwebo.

Ingcuphe yokulimala kwegama: Imiphumela evela ekulimaleni kwegama lenkampani phakathi kwabantu ababambe iqhaza kuyo, nokungenzeka ukuthi ibe nomthelela othile ekukwazini kwenkampani ukwenza nokwakha ibhizinisi.

Reputasie-risiko: Spruit voort uit die groep se reputasie tussen belanghebendes, wat die vermoë belemmer om besigheid te behou en nuwe besigheid te skep.

Residual risk: The level of risk remaining after risk treatment.

Kotsi morago ga go fenya dikotsi tše dingwe: Bogolo bja kotsi ye e šalago ka morago ga phokotšo ya kotsi.

Izinsalela zengcuphe: Izinga lengcuphe esele ngemuva kokuba ingcuphe esike ikhona sekubhekwene nayo.

Oorblywende risiko: Die vlak van risiko wat oorbly ná risikobehandeling.

Risk: Uncertainty associated with a future outcome or event.

Kotsi: Dilo tše di ka se netefatšwego tšeo di tswalanego le ditlamorago goba ditiragalo tša nako ye e tlang.

Ingcuphe: Ukungabi nasiqiniseko sokuthi imiphumela yangomuso noma isigameko sangomuso siyohamba kanjani.

Risiko: Onsekerheid wat met ’n toekomstige uitkoms of gebeurlikheid verband hou

Risk acceptance: A strategy that would accept risk or potential losses as part of the business strategy.

Kamogelo ya kotsi: Leano leo le tla amogelago kotsi goba ditshenyegelo tše di ka bago gona bjalo ka karolo ya leano la kgwebo.

Ukwamukela ingcuphe: Leli yicebo eliyokwamukela ingcuphe noma ukulahleka okungenzeka kube khona njengengxenye yecebo lebhizinisi.

Risiko-aanvaarding: ’n Strategie wat risiko of moontlike verliese sal aanvaar as deel van die besigheidstrategie.

Risk analysis: Systematic use of information to identify sources and to estimate risk. Risk analysis provides a basis for risk evaluation, risk treatment and risk acceptance. Information can include historical data, theoretical analysis, informed opinions, and the concerns of stakeholders.

Tshekatsheko ya kotsi: Tšhomišo ye e beakantšwego ya tshedimošo go šupa methopo le go lekanyetša kotsi. Tshekatsheko ya kotsi e fa motheo wa tekolo ya kotsi, phokotšo ya kotsi le kamogelo ya kotsi. Tshedimošo e ka akaretša datha ya kgalekgale, tshekatsheko ya diteori, dikgopolo go ya ka tsebo, le dipelaelo tša bengdithoto.

Ukuhlaziywa kwengcuphe: Lokhu kusho ukusetshenziswa kolwazi ngobuchule obuthile ukukwazi ukuhlonza izingcuphe ezithile kanye nokuqagela ukuthi ngabe ingcuphe ingakanani. Ukuhlaziywa kwengcuphe kuhlinzeka ngesisekelo sokubuyekezwa kwengcuphe, ukubhekana nengcuphe kanye nokukwamukelwa kwengcuphe. Ulwazi kungenzeka lufake phakathi idatha engumlando, ukuhlaziywa kwethiyori, imibono esuselwe olwazini kanye nalokho abanikazi bamasheya abanetwetwe ngakho.

Risiko-analise: Sistematiese gebruik van inligting om bronne te identifiseer en om risiko te skat. Risiko-analise voorsien ’n basis vir risiko-evaluering, risikobehandeling en risiko-aanvaarding. Inligting kan historiese data, teoretiese analise, ingeligte menings, en die besorgdheid van aandeelhouers insluit.

Risk appetite: The degree to which an organisation's management is willing to accept the uncertainty of loss for a given risk when it has the option to pay a fixed sum to transfer that risk to an insurer.

Bogolo bja kotsi: Bogolo bjoo ka bjona bolaodi bja mokgatlo bo ikemišeditšego go amogela go se be le bonnete bja tahlegelo go kotsi ye e filwego ge o na le kgetho ya go lefa tšhelete ye beilwego go fetišetša kotsi yeo go moabi wa inšorense.

Ukuthanda ingcuphe: Lokhu kusho izinga lokuzinikela kwabaphathi benhlangano ekukwazini ukwamukela ukulahlekelwa (yizimali) okuthile okuyokwenzeka uma kufanele ukuthi ukuthi kwenzeke kwingcuphe ethile uma inokuthi kufanele ikhethe ukukhokha isamba esithile ukuze yedlulie leyo ngcuphe iye kumhlinzeki ngomshuwalense.

Risiko-aptyt: Die mate waartoe ’n organisasie se bestuur bereid is om die onsekerheid van verlies te aanvaar vir ’n gegewe risiko wanneer dit die keuse het om ’n vaste bedrag van daardie risiko na ’n versekeraar oor te dra.

Risk assessment: Overall process of risk identification, risk quantification and risk evaluation in order to identify potential opportunities or minimise loss.

Tekanyo ya kotsi: Tshepedišo ka botlalo ya tšhupo ya kotsi, go šupa bogolo bja kotsi le kelo ya kotsi gore go šupše dibaka tše di ka bago gona goba go fokotša go loba.

Ukuhlolwa kwengcuphe: Lolu wuhlelo lonke lokuhlonzwa kwengcuphe, ukusho ukuthi ingcuphe ingakanani kanye nokukalwa kwengcuphe ukuze kuvezwe amathuba angahle abe khona noma ukunciphisa ukulahlekelwa okukhona.

Risiko-assessering: Oorkoepelende proses van risiko-identifikasie, risiko-kwantifikasie en risiko-evaluering om moontlike geleenthede te identifiseer of verliese te verminder.

Risk aversion: A characteristic of a company that prefers less, rather than more, risk, and is willing to pay a price for protection/mitigation (e.g. through insurance).

Phemo ya kotsi: Pharologantšho ya khamphani yeo e kgethago kotsi ye nnyane, go ena le ye kgolo, gape e ikemišeditše go lefa tšhelete ya tšhireletšo/phokotšo (mohl, ka inšorense).

Ukunciphisa ingcuphe: Lesi yisici esithile kwinkampani efuna ukuthi yona ibe nengcuphe encane noma enkulu, futhi esuke izimisele ngokukhokha ukuze ikwazi ukuthi ivikeleke/kunciphe ingcuphe (isib. ngokuthi ithatha umshuwalense).

Risiko-afkerigheid: ʼn Kenmerk van ʼn maatskappy wat minder, eerder as meer risiko verkies en gewillig is om ʼn prys te betaal vir beskerming/versagting (bv. deur versekering).

Risk avoidance: A decision not to become involved in, or an action to withdraw from, a risk situation.

Phefogo ya kotsi: Sephetho sa go se itsenye kotsing, goba tiro ya go ikgogela morago kemong ya kotsi.

Ukugwena ingcuphe: Lesi yisinqumo sokungangeni, noma isimo sokuhoxa, kwisimo sengcuphe.

Risikovermyding: ʼn Besluit om nie betrokke te raak by, of ʼn aksie om uit ʼn risikosituasie te onttrek.

Risk capacity: Risk coverage that allows exposures to be transferred from one party to another.

Bogolo bja kotsi ye khampani e ka e tšeago: Inšorense ya tšhireletšo kgahlanong le kotsi yeo e kgontšhago dipeeletšo tše di ka bago kotsing gore di fetišetšwe go tšwa phathing ye nngwe go ya go ye nngwe.

Umthamo wengcuphe: Ukukhavwa kwengcuphe okuvumela ukuthi ukusala obala kusuke ohlangothini oluthile kodwa kubhekane nohlangothi oluthile.

Risikokapasiteit: Risikodekking wat toelaat dat blootstellings van een party na ʼn ander oorgedra word.

Risk checklist: A tool used to list all the risks that were identified on previous projects within the business.

Lenanetekolo la kotsi: Sedirišwa seo se šomišwago go šupa dikotsi ka moka tšeo di lemogilwego diprotšeng tše di fetilego kgwebong.

Uhla lokuhlola ingcuphe: Leli yithuluzi elisetshenziswa ukubeka zonke izingcuphe eziye zatholakala kumaprojekthi aphambilini ngaphakathi kwibhizinisi.

Risikokontrolelys: 'n Hulpmiddel wat gebruik word om die risiko's te lys wat op vorige projekte in die besigheid geïdentifiseer was.

Communication: Exchange or sharing of information about risk between the decision-maker and other stakeholders. The information can relate to the existence, nature, form, probability, severity, acceptability, treatment or other aspects of risk.

Kgokaganyo ka ga kotsi: Go fana goba go abelana tšhedimošo ka ga kotsi gare ga batšei ba sephetho le bengdithoto ba bangwe.

Ukuxhumana ngengcuphe: Ukushintshana noma ukwabelana ngolwazi mayelana nengcuphe phakathi komenzi wesinqumo kanye nabanye okubanjisenwe nabo. Ulwazi kungenzeka ukuthi lube mayelana nokuba khona, uhlobo, ukwenzeka, ukuba mningi, ukwamukelwa, ukuqedwa noma ezinye izinhlaka zengcuphe.

Risikokommunikasie: Die uitruil of deel van inligting rakende risiko tussen die besluitnemer en ander aandeelhouers. Die inligting kan verband hou met die bestaan, aard, waarskynlikheid, erns, aanvaarbaarheid, behandeling of ander aspekte rakende risiko.

Risk control: The application of techniques to reduce the probability of loss. It aims to eliminate or minimise the potential effect of the identified risk exposures.

Taolo ya kotsi: Tirišo ya dithekniki go fokotša kgonagalo ya tobo. E ikemišeditše go tloša goba go fokotša ditlamorago tše di ka bago gona tša dipeeletšo tše di šupilwego tšeo di ka bago kotsing.

Ukulawula ingcuphe: Ukusebenzisa amaqhinga athile ukunciphisa amathuba okuthi kube nokulahleka noma ukulahlekelwa okuthile. Kusuke kuhloswe ngakho ukuqeda noma ukunciphisa umthelela othile ongahle ube khona walezo zinto zengcuphe eziye zahlonzwa.

Risikobeheer: Die toepassing van tegnieke om die waarskynlikheid van verliese te verminder. Die doel daarvan is om moontlike effek van die geïdentifiseerde risikoblootstellings te verwyder of te verminder.

Risk database: A database used to capture all the information of each risk identified in the business in a controlled and consistent way.

Dathabeisi ya dikotsi: Bobolokelo bja datha bjo bo šomišwago go swara tshedimošo ka moka ya kotsi ye nngwe le ye nngwe ye e šupilwego kgwebong ka mokgwa wo tsepamego le taolo ya maleba.

Inqolobane yengcuphe: Kusho uhla oluyinqolobane esetshenziswa ukuthatha lonke ulwazi lwengcuphe ngayinye ehlonziwe ebhizinisini ngokusebenzisa indlela elawulekayo kanye nesetshenziswa ngaphandle kokuchezuka kuyo.

Risikodatabasis: 'n Databasis wat gebruik word om die inligting van elke risiko wat in die besigheid geïdentifiseer is in 'n gekontroleerde en konsekwente manier vas te lê.

Risk evaluation: The assessment and measurement of the identified risk exposures. And also the process of comparing the estimated risk against given risk criteria to determine the significance of the risk. Risk evaluation may be used to assist in the decision to accept or to treat a risk.

Tekolo ya kotsi: Tekanyo le kelo ya dipeeletšo tše di šupilwego tše di ka bago kotsing le ditshepedišo ka moka tša go bapetša kotsi ye e akantšwego kgahlanong le selekanyo se se filwego sa kotsi go šupa maatla a kotsi.

Ukuhlaziya ingcuphe: Ukuhlola kanye nokukala izinto ezingaba yingcuphe esezivezwe obala. Kanti kuphinda futhi kube wuhlelo lokuqhathanisa izingcuphe eziqagelwayo nezindlela zezingcuphe ezinikeziwe ukuthola ububanzi bengcuphe. Ukuhlaziya ingcuphe kungasetshenziselwa ukusiza esinqumweni sokwamukela noma sokuphatha ngendlela ingcuphe.

Risiko-evaluering: Die evaluering en meting van die geïdentifiseerde risikoblootstellings en ook die proses van vergelyking van die geskatte risiko's teen gegewe risikokriteria om die belangrikheid van die risiko te bepaal. Risiko-evaluering kan gebruik word om te help met die besluit om 'n risiko te aanvaar of te behandel.

Risk financing: The financial provision for losses that may occur. Risk financing selects the most efficient method of providing financially for the consequences of risk.

Thekgo ya ditšhelete go ditshenyegelo tša kotsi: Thekgo ya ditšhelete go ditshenyegelo tše di ka diragalago. Thekgo ya ditšhelete go ditshenyegelo tša kotsi e kgetha mokgwa wo o dirago ka go phethagala wa go fa thekgo ya ditšhelete go ditlamorago tša kotsi.

Ukubhekela ingcuphe ngokwezezimali: Ukuhlinzeka ngohlelo lwezimali ukuze ubhekele ukulahleka kwezimali okungahle kwenzeke kube khona. Ukubhekela ingcuphe ngokwezezimali kukhetha indlela esebenza kakhulu yokuhlinzeka ngokwezezimali ukuze kubhekelwe ingcuphe.

Risikofinansiering: Die finansiële voorsiening vir verliese wat mag voorkom. Risikofinansiering kies die mees doeltreffende metode om finansieel voorsiening te maak vir die gevolge van risiko.

Risk identification: The need for an organisation to define and understand the nature of the risk that it faces (defining all of an organisation's actual, perceived or anticipated risks). Risk identification is regarded as the first step of an operational risk management process.

Tšhupo ya kotsi: Tlhokego ya mokgatlo go hlaloša le go kwešiša tlhago ya kotsi ye o lebanego nayo (go hlaloša dikotsi tša mokgatlo tše di lego gona, tše di lemogilwego goba tše di letetšwego).

Ukuhlonza ingcuphe: Lesi yisidingo senhlangano ukuthi ichaze futhi iqonde uhlobo lwengcuphe ebhekene nalo (ukuchaza zonke izingcuphe zenhlangano okungezangempela, ezicatshangelwayo noma ezilindelwe). Ukuhlonza ingcuphe kuthathwa ngokuthi yisinyathelo sokuqala sohlelo lokusetshenzwa kwengcuphe.

Risiko-identifikasie: Die noodsaaklikheid vir ’n organisasie om die aard van die risiko wat dit in die gesig staar te omskryf en te verstaan (omskrywing van ’n organisasie se werklike, of verwagte risiko’s). Risiko-identifikasie word as die eerste stap van ’n bedryfsrisikobestuursproses beskou.

Risk manager: An individual responsible for managing an organisation's risks and minimising the adverse impact of losses on the achievement of the organisation's objectives.

Molaodi wa kotsi: Motho yo a rwelego maikarabelo a go laola ditšhošetšo tša mokgatlo le go fokotša khuetšo ye e sa letelwago go phihlelelo ya maikemišetšo a mokgatlo.

Umphathi wengcuphe: Lona ngumuntu onikwe umsebenz wokuphatha izingcuphe zenhlangano kanye nokunciphisa ukushayeka kokulahlekelwa kwenhlangano kwizinhloso zalokho inhlangano efuna ukukuzuza.

Risikobestuurder: ’n Individu wat verantwoordelik is vir die bestuur van ’n organisasie se risiko’s en vir die vermindering van die negatiewe impak van verliese op die bereiking van die organisasie se doelwitte

Risk management: Procedures and rules for understanding and controlling financial and other risks within an organisation. It is a managerial function aimed at protecting the organisation and its people, assets and profits against the physical and financial consequences of risk.

Taolo ya kotsi: Ditshepedišo le melao tša go kwešiša le go laola ditšhelete le dikotsi tše dingwe mokgatlong. Ke mošomo wa molaodi ka maikemišetšo a go šireletša mokgatlo le batho, dithoto le ditseno tša ona kgahlanong le ditlamorago tša kotsi tša popego le ditšhelete.

Ukulawula ingcuphe: Lezi yizinqubo kanye nemithetho kokuqonda kanye nokulawula izingcuphe zezimali kanye nezinye izingcuphe enhlanganweni. Lokhu kungumsebenzi oqondene nabaphathi okuhloswe ngawo ukuvikela inhlangano kanye nabantu bayo, izinto zayo (izimali zayo) kanye nezinzuzo zayo ekutheni kungangeni ngaphansi kwemiphumela yengcuphe yokulimala okuphathekayo kanye neyezimali.

Risikobestuur: Prosedures en reëls vir die verstaan en beheer van finansiële en ander risiko’s binne ’n organisasie. Dit is ’n bestuursfunksie wat gemik is op die beskerming van die organisasie en sy mense, bates en winste teen die fisiese en finansiële gevolge van risiko.

Risk management culture: Values and principles which will guide all stakeholders of an organisation to achieve strategic and operational objectives within the risk-taking decision guidelines.

Tlwaelo ya taolo ya kotsi: Boitshwaro bjo bohlokwa bjo bo tla hlahlago bengdithoto ka moka ba mokgatlo go fihlelela maikemišetšo a bohlokwa gape a phethagatšo ka go ditlhahlo tša sephetho sa go itsenya kotsing.

Isiko lokuphatha ngendlela ingcuphe: Lokhu kusho amagugu kanye nemigomo okuyohola bonke ababambe iqhaza kwinhlangano ukuphumelelisa amacebo ayizinhloso zenhlangano ngaphansi kwemihlahlandlela yokuthatha izinqumo.

Risikobestuurkultuur: Waardes en beginsels wat aan al die aandeelhouers van 'n organisasie riglyne sal gee om strategiese en bedryfsdoelwitte binne die raamwerk van besluitneming betreffende die neem van risiko's.

Risk management framework: A basic conceptual structure used to address the risks faced by an organisation. Its purpose is to assist an organisation in integrating risk management into its management process so that it becomes a routine activity.

Tlhako ya taolo ya kotsi: Popego ya kgopolo ya motheo ye e šomišwago go lebelela dikotsi tše mokgatlo o lebanwego le tšona. Morero wa yona ke go thuša mokgatlo go kopanya taolo ya kotsi ka go tshepedišo ya ona ya taolo gore e be tiro ya setlwaedi.

Uhlaka lokuphatha ngendlela kwengcuphe: Lolu wuhlelo oluyisizinda olusetshenziselwa ukubhekana nezingcuphe ezibhekene nenhlangano. Inhloso yalolu hlaka ukusiza inhlangano ukuhlanganisa ukuphathwa kwengcuphe kuhlelo lokulawulwa kwengcuphe ukuze lokhu kuhlale kuba wumsebenzi owenziwa njalo.

Risikobestuursraamwerk: 'n Basiese konseptuele struktuur wat gebruik word om die risiko's wat 'n organisasie in die gesig staar, aan te roer. Die doel daarvan is om 'n organisasie te help met die integrasie van risikobestuur in sy bestuursproses sodat dit 'n roetine-aktiwiteit word.

Risk management policy: A policy statement that sets out how the risks, which have been identified by the risk assessment procedure, will be managed and controlled.

Molaotshepedišo wa taolo ya kotsi: Setatamente sa molaotshepedišo seo se hlalošago ka moo dikotsi, tšeo di šupilwego ke tshepedišo ya tekolo ya kotsi, di tla hlokomelwago le go laolwa.

Inqubomgomo yokulawula ingcuphe: Lesi yisitatimende senqubomgomo esibeka ukuthi izingcuphe esuke sezihlonzwe yinqubo yokuhlola izingcuphe, ziyophathwa futhi zilawulwe kanjani.

Risikobestuursbeleid: 'n Beleid wat omskryf hoedat die risiko's wat ingevolge die risiko assesseringsprosedure geïdentifiseer is, bestuur sal word.

Risk management process: A process that systematically applies management policies, procedures, and practices to a set of activities intended to establish the context, communicate and consult with stakeholders, and identify, analyse, evaluate, treat, monitor, and review risk. It can also be a four-stage process centred on identifying, quantifying, managing and monitoring financial and operating risks.

Tshepedišo ya taolo ya kotsi: Tshepedišo yeo e phethagatšago melaotshepedišo ya taolo, ditshepedišo, le ditlwaetšo ka peakanyo go sehlopha sa ditiro tše di ikemišeditšego go hloma kemo, go ikgokaganya le go rerišana le bengdithoto, le go šupa, sekaseka, lekola, lokiša, hlapetša le go lebeledišiša kotsi. Gape e ka no ba tshepetšo ya magato a mane ao a lebanego le go šupa, go bona bogolo, go laola le go hlapetša dikotsi tša ditšhelete le tshepedišo.

Uhlelo lokulawula ingcuphe: Lolu wuhlelo olusebenzisa izinqubomgomo zokuphatha ngezindlela ezithile, kanye nokusebenzisa izinqubo, kanye nezindlela zokwenza ukuthi zibe yimisebenzi ethile okuhloswe ngayo ukusungula ingqikithi ethile, ukuxhumana kanye nokubonisana nalabo ababambe iqhaza, ukuze kuhlonzwe, kuhlaziywe, kubuyekezwe, kuphathwe, kubhekwe futhi kubukezwe ingcuphe. Lokhu kungenzeka kube wuhlelo olunezigaba ezine olusebenza ekuhlonzeni, ekubeni ngononina kanye nasekubhekeni izingcuphe zezezimali kanye nezokusebenza.

Risikobestuursproses: ’n Proses wat sistematies bestuursbeleide, -prosedures, en -praktyke toepas op ’n stel aktiwiteite wat bedoel is om die konteks te vestig, met aandeelhouers te kommunikeer en mee oorleg te pleeg en te identifiseer, en om risiko te beoordeel, te ontleed, te evalueer, te behandel, en te monitor. Dit kan ook ’n vier-stadia proses wees, wat op die identifisering, kwantifisering, bestuur en monitering van finansiële en bedryfsrisiko’s fokus.

Risk management strategy: Strategies put in place to manage risk. These include transferring the risk to another party, avoiding the risk, mitigating the risk by reducing its negative effect and accepting some or all of the consequences of a particular risk.

Leano la taolo ya kotsi: Maano ao a beilwego go laola kotsi. Ona a akaretša go fetišetša kotsi go phathi ye nngwe, go phema kotsi, go fokotša kgonagalo ya kotsi ka go fokotša khuetšo ya yona ya ditlamorago tše di sa nyakegego le go amogela tše dingwe goba ka moka tša ditlamorago tša kotsi ye e itšego.

Icebo lokulawula ingcuphe: Amacebo abekiwe ukuze abhekane futhi akwai ukulawula ingcuphe. Lezi zinto zifaka phakathi ukwedluliswa kwengcuphe iye kolunye uhlangothi, ukuze kugwemeke ingcuphe, kwenziwe ukuthi ingcuphe ibe ncane ngokuthi kwehliswe ukuba kubi kwayo futhi kwemukelwe eminye imiphumela noma yamukelwe yonke.

Risikobestuurstrategieë: Strategieë wat daargestel word om risiko te bestuur. Dit sluit in die oordrag van die risiko na ʼn ander party, vermyding van die risiko, versagting van die risiko deur die vermindering van die negatiewe effek daarvan en die aanvaarding van sommige of al die gevolge van ’n spesifieke risiko.

Risk management techniques: The broad group of methods, including loss control, loss financing and risk reduction that are often used to manage risks.

Dithekniki tša taolo ya kotsi: Sehlopha ka bophara sa mekgwa, go akaretšwa taolo ya tobo, thekgo ya ditšhelete go tobo le phokotšo ya kotsi tšeo gantši di šomišwago go laola dikotsi.

Amaqhinga okulawula ingcuphe: Lokhu kusho iqembu elikhulu nelendlalekile lezindlela kuhlanganisa nokulawula ukulahlekelwa kanye nokunciphisa ingcuphe nokuvame ukuthi kusetshenziselwe ukulawula izingcuphe.

Risikobestuurstegnieke: Die breë groep metodes, insluitende verliesbeheer, verliesfinansiering en risikovermindering wat dikwels gebruik word om risiko’s te bestuur.

Risk matrix: The structure of numbers of levels of probability and consequences chosen against which to measure risk.

Tlhopho ya dikholomo le methaladi tshekatshekong ya kotsi: Sebopego sa dinomoro tša dikgato tša kgonagalo le ditlamorago tše di kgethilwego kgahlanong le tšona go ela kotsi.

Izinombolo zengcuphe: Lesi yisimo sezinombolo zamazinga zalokho okungahle kwenzeke kanye nemiphumela esuke ikhethiwe ukuthi kube yiyona okusuke kuzokalwa ngayo ingcuphe.

Risikomatriks: Die struktuur van die aantal vlakke van waarskynlikheid en gekose gevolge waarteen risiko gemeet kan word.

Risk mitigation: Risk mitigation is used in risk management to describe steps taken to control or prevent an issue or event hazard from causing harm and to reduce risk to a tolerable or acceptable level and within risk appetite levels.

Phokotšo ya kotsi: Phokotšo ya kotsi e šomišwa ka go taolo ya kotsi go hlaloša magato ao a tšewago go laola goba go thibela tlhagišo goba tiragalo gore e se hlaole kgobalo le go fokotša kotsi gore e fihle boemong bjo bo kgotlelelegago goba bjo bo amogelegago gape bo be boemong bja bogolo bjo mokgatlo o ikemišeditšego go amogela tshenyegelo ka lebaka la kotsi.

Ukwenza ngcono ingcuphe: Ukwenza ngcono ingcuphe kusetshenziswa ekuphathweni kwengcuphe ukuchaza izinyathelo ezithathwayo ukulawula noma ukuvikela indaba noma isehlakalo noma isimo esingesihle ukuthi sibangele ukulimala kanye nokunciphisa ingcuphe ibe sezingeni elibekezelelekayo noma elamukelekayo futhi ibe semazingeni angakwazi ukuthi asebenziseke.

Risikoversagting: Risikoversagting word in risikobestuur gebruik om die stappe te beskryf wat geneem moet word om beheer te neem oor, en om te voorkom dat een of ander vorm van gevaar skade aanrig en om risiko te verminder tot ŉ aanvaarbare vlak en binne risikoneigings-vlakke.

Risk monitoring: Ensuring the effectiveness of the risk management system and the techniques which the organisation is using. It is also the operational process whereby the organisation ensures that it is operating within its defined risk policies and procedures, and that all activities of the operational risk management process are effective.

Tebelelo ya kotsi: Go netefatša kgonagatšo ya peakanyo ya taolo ya kotsi le dithekniki tšeo mokgatlo o di šomišang. Gape ke tshepetšo ya phethagatšo fao mokgatlo o netefatšago gore o šoma go ya ka melaotshepedišo le mekgwa tša yona tše di hlalošitšwego, le gore ditiro ka moka tša tshepetšo ya taolo ya kotsi ya mokgwaphethagatšo di a phethagatšwa.

Ukubhasobha ingcuphe: Ukuqinisekisa ukuthi uhlelo lokulawula ingcuphe luyasebenza kanye nokuthi amacebo asetshenziswa yinhlangano. Lokhu futhi kuphinde kube wuhlelo lokusebenza lapho khona inhlangano iqinisekisa khona ukuthi isebenza ngaphansi kwezinqubomgomo zayo zengcuphe ezibekele zona kanye nezinqubo, kanye nokuthi yonke imisebenzi yohlelo lokulawula ingcuphe iyasebenza.

Risikomonitering: Verseker die effektiwiteit van die risikobestuurstelsels en die tegnieke wat die organisasie gebruik. Dit is ook die bedryfsproses waarmee die organisasie verseker dat dit binne die omskrewe risikobeleide en -prosedures funksioneer en dat alle aktiwiteite van die bedryfsrisikobestuursproses doeltreffend is.

Risk perception: The way in which a stakeholder views a risk based on a set of values or concerns. Risk perception depends on the stakeholder's needs, issues and knowledge.

Temogo ya kotsi: Tsela yeo mongdithoto a bonago kotsi go ya ka sehlopha sa dinyakwa tše bohlokwa tša boitshwaro goba dipelaelo. Temogo ya kotsi e ya ka dinyakwa, ditlhagišo le tsebo tša mongdithoto.

Umqondo wengcuphe: Lokhu kusho indlela lapho khona lowo osuke enamandla kwizinto ezithile ezingamasheya noma eziyimali ebona ingcuphe (ubungozi) ngenxa yezinto ezithile ezimthintayo noma angaziboni kahle. Umqondo wengcuphe uncika kwizidingo, kwizindaba kanye nasolwazini lomnikazi wamasheya enkampanini ethile.

Risiko persepsie: Die manier waarop ’n winsaandeelhouer ’n risiko sien, gebaseer op ’n stel waardes of oorwegings. Risikobeskouing hang af van die winsaandeelhouer se behoeftes, kwessies en kennis.

Risk profile: The company and its regions and functional areas have an inherent and residual risk profile. These are all the risks faced by the company, ranked according to a risk matrix and indicated graphically on a matrix. The Risk Score may be determined by multiplying the frequency and severity of the risks, where these are indicated.

Profaele ya kotsi: Khamphani le dilete tša yona le mafelo ao e šomelago gona di na le profaele ya kotsi ya tobo ye e hlotšwego ke mabaka a a itšego le tobo ka morago ga ge dikotsi tše dingwe di šupilwe. Ka moka tšeo ke dikotsi tše khamphani e lebanego le tšona, gomme di beakantšwe go ya ka boemo tlhophong ya kotsi ya methaladi le dikholomo le go bontšhwa ka kerafo tlhophong ya dikholomo le methaladi. Dintlhapalo tša kotsi di ka šupša ka go atiša poeletšo le bošoro tša kotsi, fao tšona di bontšhwago.

Ukuhlelwa kwengcuphe: Inkampani kanye nezifunda zayo kanye nezindawo ezisebenzayo kunengcuphe nje okwakhiwa nayo kanye nengcuphe ehlala ikhona isikhathi eside. Lezi zonke yizingcuphe inkampani ebhekana nazo, kanti zibekwa ngokwezinhlelo zokulandelana kwazo futhi bese ziboniswa ngokwemidwebo yokuma kwazo. Inani lengcuphe kungenzeka ukuthi likhona likhonjiswe ngokuphindaphinda ukuphindeka kanye nobungako bezingcuphe, lapho lezi zinto zikhonjiswe khona.

Risikoprofiel: Die maatskappy en sy streeks- en funksionele areas het ’n inherente en onderliggende risikoprofiel. Dit is al die risiko’s wat die maatskappy in die gesig staar, volgens ’n risikomatriks gerangskik en grafies op ’n matriks voorgestel. Die risikobeoordeling kan bepaal word deur die vermenigvuldiging van die frekwensie en die erns van die risiko’s, waar dit aangedui is.

Risk prompt list: A list which categorises risks into types or areas.

Lenane la magoro a dikotsi: Lenane leo le beago dikotsi go ya ka magoro a mehuta goba mafelo.

Uhla lokuhlelwa kwezingcuphe: Lolu wuhla oluthile olubeka izingcuphe ngokwezinhlobo zazo ezahlukene.

Risiko-identifiserinslys: ’n Lys wat risiko’s in tipes of areas klassifiseer.

Risk questionnaire: A tool which aims to elicit, through a series of questions, issues that are unresolved, incomplete, giving rise for concern, delayed, uncoordinated, appear to be in a rapid state of change, uncertain and so on.

Lenaneopotšišo: Sedirišwa seo se ikemišeditšego go hlagiša, ka mokgwa wa sehlopha sa dipotšišo, ditlhagišo tšeo di sa rarollwago, di sa phethegago, tše di hlolago dipelaelo, tše di šaletšego morago, tše di sa tswalanywago, tše di bonagalago di le seemong sa phetogo ye e tlago ka potlako, tše di se nago bonnete.

Iphephambuzo lengcuphe: Leli yithuluzi okuhloswe ngalo ukukhipha, ngokusebenzisa inqwaba yemibuzo, izindaba ezingasonjululiwe, ezingaphelele, ukuthi kube nezinto ezinakwayo, ezibambezelekayo, ezingahlangane, ezibukeka zisesimweni sokushintsha, sokungaqiniseki njalonjalo.

Risikovraelys: 'n Hulpmiddel waarvan die doel is om, by wyse van 'n reeks vrae kwessies wat onopgelos of onvoltooid is en aanleiding gee tot kommer, wat vertraag is, ongekoördineer is, wat oënskynlik vinnig verander, wat onseker is en so meer, aan die lig te bring.

Risk reduction: The use of risk management techniques that include withdrawal from a business with particular risk characteristics or the diversification of exposures through a pooling or portfolio technique.

Phokotšo ya kotsi: Tšhomišo ya dithekniki tša taolo ya kotsi tšeo di akaretšago go ikgogela morago kgwebong ka dipharologantšho tše itšeng tša kotsi goba mokgwa wa go fokotša tahlegelo ka go kopanya dipeeletšo tše di fapanego ka thekniki ya kgobokanyo ya dithoto goba ka potfolio.

Ukunciphisa ingcuphe: Ukusetshenziswa kwamacebo athile afaka phakathi ukuhoxa ebhizinisini elinezici ezithile zengcuphe noma ukusabalala ngezindlela ezahlukene zokuba kwingcuphe ngokufakwa okuningi okwehlukene kanye necebo lokusebenzisa izikhundla ezithile.

Risikovermindering: Die gebruik van risikobestuurstegnieke wat insluit die onttrekking uit 'n besigheid met spesifieke risiko-eienskappe of die diversifisering of blootstellings deur 'n samevoegings- of portefeuljetegniek.

Risk removal: A strategy adopted to eliminate a risk altogether when a negative outcome is anticipated.

Tlošo ya kotsi: Leano leo le tšeerwego go fetšiša kotsi ka gohle ge poelo ye e sa letelwago e gopolelwa pele.

Ukususwa kwengcuphe: Uhlobo oluthoile lwecebo elemukelwayo ukuze likwazi ukususa ingcuphe iphele nya uma kulindelwe umphumela ongemuhle.

Risikoverwydering: 'n Strategie wat gekies is om 'n risiko heeltemal te verwyder wanneer 'n negatiewe uitkoms voorsien word.

Risk register: A full description of the identified risk, the particular risk category it resides under and the risk owner of that particular risk category. It is a formal listing of risks identified, together with the results of the risk analysis, risk evaluation procedures together with details of risk treatment, risk control, risk reduction plans.

Retšistara ya dikotsi: Tlhalošišo ka botlalo ya kotsi ye e šupilwego, legoro la kotsi le itšego leo e welago ka go lona le mong wa kotsi wa legoro le itšeng leo la kotsi. Ke lenane la molao la dikotsi tše di šupilwego, gammogo le dipoelo tša tshekatsheko ya kotsi, ditshepedišo tša tekolo ya kotsi gammogo le ditlhašišo tša maano a phokotšo ya bogale bja kotsi, taolo ya kotsi, phokotšo ya kotsi.

Irejista yengcuphe: Lokhu kusho incazelo yengcuphe esuke isitholakele, uhlelo oluthile lwaleyo ngcuphe kanye nomuntu osuke eqondene nalayo ngcuphe leyo. . lokhu kusho ukubalulwa ngokusemthethweni kwezingcuphe ezitholakele, kuhlanganisa nemiphumela yokuhlaziywa kwengcuphe leyo, izinqubo zokubuyekezwa kwengcuphe kanye nemininingwane yokusetshenzwa kwengcuphe, ukulawulwa kwengcuphe, izinhlelo zokunciphisa ingcuphe.

Risikoregister: 'n Volledige beskrywing van die geïdentifiseerde risiko, die spesifieke kategorie waaronder die risiko geklassifiseer word en die risiko-eienaar van daardie spesifieke risikokategorie. Dit is 'n formele lys van risiko's wat geïdentifiseer is, tesame met die resultate van die risiko-analise, risiko-evalueringsprosedures tesame met die besonderhede van risikohantering, risikobeheer, risikoverminderingsplanne.

Risk reporting: The communication of risk information in all the phases of the risk management process.

Go bega ka ga kotsi: Kgokaganyo ka tshedimošo ya kotsi magatong ka moka a tshepetšo ya taolo ya kotsi.

Ukubika ngengcuphe: Ukuxhumana kokuhambisa ulwazi ngengcuphe kuzona zonke izinhlaka zohlelo lokulawulwa kwengcuphe.

Risikoverslaggewing: Die kommunikasie van risiko-inligting in al die fases van die risikobestuursproses.

Risk response: The process of selection and implementation of measures to modify risk. The term "risk treatment" is sometimes used for the measures themselves. Risk response measures can include treating, avoiding, optimising, transferring, terminating or retaining risk.

Magato kgahlanong le kotsi: Tshepetšo ya kgetho le tiragatšo ya magato a go fokotša bogale bja kotsi. Lereo la "maano a phokotšo ya bogale bja kotsi" ka nako ye nngwe le šomišwa go magato ka boona. Magato kgahlanong le kotsi a ka akaretša go fokotša bogale, go šikologa, kaonafatšo ya leano, go fetišetša goba go boloka kotsi.

Ukuphendula kwingcuphe: Lolu wuhlelo lokukhetha kanye nokwenziwa kwezindlela ezithile zokwenza ukuthi ingcuphe ekhona ingabiyimbi kakhulu. Itemu elithi "ukuphathwa kwengcuphe" yigama kwesinye isikhathi elisetshenziswayo uma kukhulunywa ngezindlela zokukala ingcuphe zona uqobo.Izindlela zokukala izingcuphe kuyenzeka ukuthi zifake phakathi ukuphatha, ukugwema, ukwenza ngcono, ukwedlulisa, ukunqamula noma ukubuyisela ingcuphe.

Risikorespons: Die proses van keuring en implementering van maatreëls om risiko te wysig. Die term "risikohantering" word ook soms gebruik vir die maatreëls self. Risikoresponsmaatreëls kan die behandeling, vermyding, optimalisering, oordrag, beëindiging of die terughou van risiko insluit.

Risk response flow chart: An illustration of the decision options made to arrive at the desired risk response category.

Tšhate ya tatelano ya magato kgahlanong le kotsi: Tshwantšhetšo ya dikgetho tša sephetho se se tšerwego go fihla go legoro le le nyakegago la magato kgahlanong le kotsi.

Ishadi lokubhekana nengcuphe: Lona wumdwebo wezinto zokuthatha isinqumo okwenziwa ukuze kufinyelelwe kumunxa wengcuphe efiswaywo.

Risikoresponsvloeikaart: 'n Illustrasie van die besluitnemingskeuses wat uitgeoefen is om die verlangde risikoresponsekategorie te bereik.

Risk retention: The planned acceptance by the party exposed to a loss event that it will bear or finance the consequences of that loss event internally.

Kamogelo ye e beakantšwego ya kotsi: Kamogelo ye e beakantšwego ya phathi ye e lego kotsing ya tiragalo ya go loba ya gore e tla rwala maikarabelo goba ya lefela ditlamorago tša tiragalo yeo ya tobo ka gare ga kgwebo.

Ukugcina ingcuphe: Ukwamukelwa okuhleliwe okwenziwe yiqembu elizithola libhekene nokulahlekelwa nokungagcina sekwenze ukuthi lokho kulahlekelwa kugcine sekuyinto yangaphakathi.

Risikoterughouding: Die beplande aanvaarding deur die party wat aan verliesgebeure blootgestel is dat dit die interne gevolge van daardie verliesverliesgebeure sal dra of finansier.

Risk sharing: Also known as "risk distribution," risk sharing means that the premiums and losses of each member of a group of policyholders are allocated within the group based on a predetermined formula. Risk is considered to be shared if there is no policyholder-specific correlation between premiums paid into a captive insurer, for example, and losses paid from the captive insurer's reserve pool.

Go abelana kotsi: Ye e tsebjago gape ka la "phatlalatšo ya kotsi", go abelana kotsi go hlaloša gore dipremiamo le ditshenyegelo tša leloko le lengwe le le lengwe la sehlopha sa bengdipholisi ba abilwe dihlopheng go ya ka fomula ye e šetšego e hlalošitšwe. Kotsi e tšewa gore e a abelanwa ge go se na nyalanyo ye itšeng ya mongpholisi gare ga dipremiamo tše di lefilwego khamphaning ya inšorense yeo e šireletšago dikotsi tša beng ba yona, go fa mohlala, le ditahlegelo tše di lefšago go tšwa go sekhwama sa mohlakanelwa seo se beetšwego ka thoko sa khamphani ya inšorense yeo e šireletšago dikotsi tša beng ba yona.

Ukwabelana ngengcuphe: Kuphinde futhi lokhu kwaziwe ngokuthi "ukusatshalaliswa kwengcuphe," kanti ukwabelana ngengcuphe lokhu kusho amaphrimiyamu kanye nokulahlekelwa kwelungu ngalinye kwiqembu labanikazi bepholisi ahlinzekwa kulona iqembu kuye ngefomula esuke isinqunyiwe phambilini. Ingcuphe ithathwa ngokuthi kuyabelwana ngayo uma kungekho budlelwano phakathi kwabanikazi bepholisi phakathi kwephrimiyamu ekhokhiwe kumhlinzeki ngomshuwalense lowo, isibonelo, kanye nokulahleka kwezimali okuyaye kukhokhokhelwe kusuka kwisizinda semali yomhlinzeki ngomshuwalense.

Risikodeling: Ook bekend as "risikoverspreiding". Risikodeling beteken dat die premies en verliese van elke lid van ’n groep polishouers binne die groep toegeken word, gebaseer op ’n voorafbepaalde formule. Risiko moet gedeel word indien daar geen polishouer-spesifieke verband is tussen byvoorbeeld premies betaal in ’n onvrywillige versekeraar, en verliese betaal uit die onvrywillige versekeraar se reserwefondse.

Risk taking: The tendency to engage in behaviours that have the potential to be harmful yet at the same time provide the opportunity for some kind of outcome that can be perceived as positive.

Go itsenya kotsi: Mokgwa wa go latela boitshwaro bjo bo tšweletšago kgonagalo ya tsenya kotsing gomme ka nako yeo o fa sebaka sa mohuta wo o itšego wa ditlamorago tšeo di ka tšewago go ba tše di phosethifi.

Ukuzifaka engcupheni: Lokhu kusho ukhondolo lokwenza izenzo okungenzeka ukuthi zibe nokulimaza kodwa futhi ngesikhathi esifanayo zihlinzeke ngethuba lomphumela othile ongathathwa ngokuthi uwumphumela omuhle.

Risikoneming: Die tendens om betrokke te raak in gedrag wat moontlike skadelik kan wees en terselfdertyd die geleentheid kan bied vir ’n tipe uitkoms wat as positief beskou kan word.

Risk transfer: The transfer by one party of the financial effects of its loss to another party. In insurance, the insured transfers the possibility of loss to the insurer in return for a premium.

Phetišetšo ya kotsi: Phetišetšo ya phathi ye nngwe ya ditlamorago tša ditšhelete tša tahlegelo ya yona go phathi ye nngwe. Ka go inšorense, motho yo a tšerego inšorense o fetišetša kgonagalo ya tahlegelo go mong wa inšorense ka go lefa premiamo.

Ukwedlulisa ingcuphe: Ukwedluliswa kokulahlekelwa yimali kweqembu elithile likwedlulisela kwelinye iqembu ukuthi kube yilona elibhekana nokulahlekelwa. Kumshuwalense, lowo osuke ehlinzekwe ngomshuwalense uyaye athathe isimo sokulahlekelwa kwakhe asibeke emahlombe omhlinzeki ngomshuwalense ngokuthi akhokhe iphrimiyamu ethile ebhekiswe kumhlinzeki ngomshuwalense njalo ngemuva kwesikhathi esithile esinqunyiwe.

Risiko-oordrag: Die oordrag deur een party van die finansiële effekte van sy verlies na ŉ ander party. In versekering dra die versekerde die moontlikheid van verlies oor na die versekeraar in ruil vir ’n premie.

Risk taxonomy: A structured checklist to break down the risks and opportunities into manageable components, which can de-aggregated for exposure measurement, reporting and management.

Peakanyo ya kotsi go ya ka magoro: Lenanetekolo leo le beakantšwego la go hlahlamolla dikotsi le dibaka go ya ka dikarolwana tše di ka laolegago, tše di ka arogantšhwago ka mabaka a kelo ya kgonagalo ya dipeeletšo go ka ba kotsing, go bega le taolo.

Uhlelwa kwengcuphe ngononina: Uhlelo oluhlelembekile lokwehlukanisa izingcuphe kanye namathuba ukuthi abe yizinhlaka ezilawulekayo, nezingahlukaniswa ukuze zikwazi ukukaleka, zibikwe futhi ziphatheke.

Risikotaksonomie: 'n Gestruktureerde kontrolelys waarin die risiko's en geleenthede in hanteerbare komponente afgebreek word, wat ontbondel kan word vir blootstellingsmeting, verslaggewing en bestuur.

Sensitivity analysis: A technique employed to evaluate the profitability of an investment proposal for a particular project. The assessment can indicate how sensitive projected outcomes are to proposed changes.

Tshekatsheko ya tswala ya peeletšo: Thekniki ye e šomišwago go lekola kgonagalo ya tswala ya peeletšo go protšeke ye e itšeng. Tekanyo e ka šupa ka moo ditlamorago tše di gopotšwego di ka fetogago ka gona ge di lebanwe le diphetogo tše di šišintšwego.

Ukuhlaziywa kokuzwela: Lena yindlela eyicebo elithile elisetshenziselwa ukukala ukwenza imali kwaleyo nto ewukutshalwa kwezimali ehlongozwaywo kwiprojekthi ethile. Ukuhlolwa kungabonisa ukuthi imiphumela ecatshangelwayo ingazwela kangakanani kwizinguquko ezihlongozwaywo.

Sensitiwiteitsanalise: 'n Tegniek wat aangewend word om die winsgewendheid van 'n beleggingsvoorstel vir 'n spesifieke projek te evalueer. Die evaluering kan aandui hoe sensitief verwagte uitkomste vir voorgestelde veranderinge is.

Severity of loss: The size of loss. One of the criteria used in calculating premiums rates.

Bošoro bja tobo: Bogolo bja tobo. Ye nngwe ya selekanyo seo se šomišwago go balela lebelo la dipremiamo.

Ubunzima bokulahlekelwa: Ubungako bokulahlekelwa. Lena enye yezindlela ezisetshenziswaywo ekubaleni amazinga amaphrimiyamu.

Intensiteit van verlies: Die grootte van verlies. Een van die kriteria wat gebruik word in die berekening van die premiekoers.

Scenario analysis: A behavioural approach that evaluates the impact on a business's return of simultaneous changes in a number of variables.

Tshekatsheko ya ditiragalo tša ka moso: Mokgwa wa boitshwaro wo o lekolago khuetšo go dipoelo tša kgwebo tša diphetogo tše di diregago sammaletee le dika tše mmalwa tše di ka emelago selo sefe goba sefe.

Uhlaziyo lwesimo: Lena yindlela yokuziphatha ekala umthelela wenzalo yebhizinisi ngezinguquko zesimanje kwizinto eziningi.

Scenario-analise: 'n Gedragsbenadering wat die impak op 'n besigheid se terugkeer van gelyktydige veranderinge in 'n aantal veranderlikes evalueer.

Simulation: A statistics-based behavioural approach that applies predetermined probability distributions and random numbers to estimate risky outcomes.

Kekišo: Mokgwa wa boitshwaro wo o theilwego go dipalopalo wo o šomišago diphatlalatšo tša dikgonagalo tše di šetšego di šupilwe le dipalo ka go se kgethe go lekanya ditlamorago tše di lego kotsi.

Ukulinganisa: Lena yindlela emayelana nokuziphatha esebenzisa izinto zokusabalalisa ezihlelwa ngaphambilini kanye nezinombolo ezingahlelekile ukuqagela imiphumela enobungcuphe.

Simulasie: ’n Statistiek-gebaseerde gedragsbenadering wat voorafbetaalde waarskynlikheidsverspreidings en willekeurige getalle aanwend om risiko-uitkomste te skat.

Social risk: A society’s impact on business, and not vice versa. It emanates from changes in society, which creates changes in demand, opens new market opportunities or alters business’s responsiveness to demand, as a consequence of the characteristics of its workforce.

Kotsi leagong: Khuetšo ya setšhaba go kgwebo, e sego ka mokgwa wa tlhanolelo. E tšwa go diphetogo setšhabeng, tšeo di hlolago phetogo go tlhokego, go bula dibaka tše mpsha tša mebaraka goba phetolo ya kgwebo go dinyakwa tša bareki, bjalo ka ditlamorago tša dipharologantšho tša bašomedi ba yona.

Ingcuphe yenhlalo: Kusho umthelela umphakathi onawo kwibhizinisi, kanye nomthelela ibhizinisi elinawo kumphakathi. Lokhu kusuka kwizinguquko ezikhona kumphakathi, nokwenza ukuthi kube nesidingo, kuvuleke amathuba amasha okumaketha noma kushintshe indlela ibhizinisi elikwazi ukubhekana ngakhona nalokho okudingwa ngabantu, ngenxa yezinto abasebenzi bebhizinisi abanazo.

Sosiale risiko: ’n Gemeenskap se impak op besigheid, en vice versa. Dit vloei voort uit veranderinge in die gemeenskap, wat aanleiding gee tot veranderinge in aanvraag, nuwe markgeleenthede laat ontstaan, of die besigheid se reaksie op aanvraag verander, as ’n gevolg van die eienskappe van die werksmag.

Speculative risk: Uncertainty about an event under consideration that could produce either a profit or a loss.

Kotsi ye e akantšwego: Go se be le bonnete ka ga tiragalo ye e gopotšwego yeo e ka tšweletšago tswala goba tobo.

Speculative risk: Ukungabinasiqiniseko ngesigameko esithile esibhekwayo okungenzeka ukuthi senze inzuzo noma ukuhlahleka kwemali.

Spekulatiewe risiko: Onsekerheid oor gebeure onder oorweging wat ’n wins of ’n verlies tot gevolg kan hê.

Stakeholder assessment: An assessment of the primary internal and external stakeholders in terms of the nature of the relationship with them and the expectations of each stakeholder.

Tekolo ya bengdithoto: Tekolo ya bengdithoto ba motheo ba ka gare le ba ka ntle go ya ka mohuta wa tswalano le bona le ditetelo tša mongdithoto yo mongwe le yo mongwe.

Ukuhlolwa kombambiqhaza: Ukuhlolwa kwabantu bangaphakathi kanye nabangaphandle ngokwemibandela yobudlelwano babo nabo kanye nalokho okulindeleke kumuntu obambe iqhaza ngamunye.

Winsaandeelhouerbeoordeling: 'n Beoordeling van die primêre interne en eksterne aandeelhouers met verwysing na die aard van die verwagtings van elke winsaandeelhouer.

Strategy risk: The risk associated with initial strategy selection, execution or modification over time, resulting in a lack of achievement of overall objectives.

Kotsi ka lebaka la leano le sa atlegago: Kotsi ye e tswalanego le kgetho ya leano la mathomo, phethagatšo goba phetošo tshepelong ya nako, tšeo di hlotšego go se fihlelele maikemišetšo ka botlalo.

Ingcuphe yecebo: Lena yingcuphe ehambisana nokukhethwa kwecebo lokuqala, ukwenziwa kwalo noma ukulungiswa kwalo, nokugcina sekwenze ukuthi izinhloso zonkana zingabe zisaphunyeleliswa.

Strategie-risiko: Die risiko wat verband hou met die aanvanklike strategie-keuse, uitvoering of wysiging oor 'n tydperk, wat 'n gebrek aan die bereiking van oorkoepelende doelwitte tot gevolg het.

Sustainability: The ability or capacity of a company to conduct its operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. It means having regard to the impact that the business's operations have on the economic life of the community in which it operates. Sustainability includes environmental, social and governance issues.

Tšweletšopele: Bokgoni goba maatla a khamphani go dira ditshepedišo tša yona ka mokgwa wo o kgotsofatšago dinyakwa tše di lego gona ka ntle le go iša fase bokgoni bja meloko ya ka moso go fihlelela dinyakwa tša bona. Se se hlaloša go ba le tlhokomelo go khuetšo yeo ditshepedišo tša kgwebo di nago le yona bophelong bja ekonomi bja setšhaba seo e šomago go yona. Tšwetšopele e akaretša ditaba tša tikologo, leago le pušo.

Ukuzimela: Lokhu kusho ukukwazi kwenkampani ukwenza imisebenzi yayo ngendlela ekwazi ukuhlangabezana nezidingo zayo ngaphandle kokubukela phansi amandla okuthi izizukulwane zangomuso zikwazi ukuhlangabezana nezidingo zazo.Lokhu kusho ukukwazi ukubhekana nomthelela ukusebenza kwebhizinisi okunawo kwimpilo yangokomnotho yomphakathi lapho lelo bhizinisi lisebenzela khona.Ukuzimela kufaka phakathi izindaba ezithinta ezemvelo, ezenhlalo kanye nezokubusa.

Volhoubaarheid: Die vermoë of kapasiteit van 'n maatskappy om sy werksaamhede uit te voer op so 'n manier dat dit aan die bestaande behoeftes voldoen sonder om die vermoë van toekomstige generasies om in hul behoeftes te voldoen, in gevaar te stel. Dit beteken om ag te slaan op die impak wat die besigheid se werksaamhede het op die ekonomiese bedrywighede van die gemeenskap waarin dit funksioneer. Volhoubaarheid sluit omgewings-, sosiale en regeringskwessies in.

SWOT analysis: A subjective assessment of data that helps with understanding, presentation, discussion and decision making by looking at the business's strengths, weaknesses, opportunities and threats.

Tshekatsheko ya SWOT: Tshedimošo go ya ka kgopolo ya motho yeo e thušago ka go kwešiša, tlhagišo, therišano le go tšea sephetho ka go lebelela maatla, bofokodi, dibaka le ditšhošetšo tša kgwebo.

Uhlaziyo lwe-SWOT: Ukuhlaziywa kweminingo okuncike kulowo okwenzayo nokusiza ngokuqonda, ukwethulwa kanye nokuthathwa kwezinqumo ngokubheka amandla ebhizinisi, ubuthaka balo, amathuba elinawo kanye nezinto ezingaba yizinkinga ebhizinisini.

SWOT-analise: 'n Subjektiewe beoordeling van data wat help met die verstaan, aanbied, bespreking en besluitneming deur na die besigheid se sterk punte, swak punte, geleenthede en bedreigings te kyk.

Technology risk: Events that would lead to insufficient, inappropriate or mismanagement of investment in technology, in terms of manufacturing processes, product design and/ or information management.

Kotsi ya theknolotši: Ditiragalo tšeo di ka hlolago, taolo ye e fokolago ye e sego ya maleba ya peeletšo ka theknolotši.

Ingcuphe yobuchwepheshe: Lokhu kusho izigameko okungenzeka ziholelele ekungaphathweni ngendlela kobuchepheshe, kube nobuchwepheshe obungenele, noma obungafanele, maqondana nezinhlelo zokwakhiwa, ukuklanywa komkhiqizo kanye/ noma ukuphathwa kolwazi.

Tegnologierisiko: Gebeure wat aanleiding kan gee tot onvoldoende, ontoepaslike of wanbestuur van belegging in tegnologie, met betrekking tot vervaardigingsprosesse, produkontwerp en/of inligtingsbestuur.

Utility theory: The utility theory illustrates how the same monetary payoff/outcome might have different levels of utility for decision makers (measures personal attitudes towards risk and return by decision makers).

Teori ya kholo: Teori ya kholo e swantšha ka moo tefo/poelo e ka bago le magato ao a fapanego a kholo go batšeasephetho (e ela maikutlo a motho go kotsi le poelo ka batšeasephetho).

Ithiyori yokusebenza: Ithiyori yokusetshenziswa (kwemali) ibeka isithombe sokuthi kungenzeka kanjani ukuthi umphumela ofanayo wemali ube namazinga ehlukene okusebenza kulabo abasemagunyeni okwenza izinqumo ezithile malungana nezimali (ikala imiqondo abantu abanayo maqondana nengcuphe kanye nezimali ezinziwayo, lokho uma kwenziwa yilabo abasemagunyeni okwenza izinqumo ezithile ngalokho).

Bruikbaarheidsteorie: Die bruikbaarheidsteorie illustreer hoe dieselfde monetêre uitkoms/uitkoms verskillende vlakke van bruikbaarheid vir besluitnemers kan hê (meet persoonlike gesindheid teenoor risiko en terugbetaling deur besluitnemers).

END NOTE

1. See Appendix 1 to this Study Guide.
2. SWOT is an acronym for strengths, weaknesses, opportunities and threats.
3. PEST is an acronym for political, economic, social and technological.
4. Beta is used to measure the non-diversifiable risk element for a particular share in relation to the market as a whole.
5. "Commonly Pareto diagrams reveal that 20% of the risks within an analysis contribute some 80% of the overall risk exposure/impact following the Pareto principle or 80/20 rule, as it is known" (Chapman, 2011).
6. "P" represents the population of events.
7. Source: Operational Risk Management (Young, 2009:29).
8. Source: Principles of Managerial Finance (Gitman, 2010: 382-396).
9. Generally accepted accounting procedures.