

Political Risk Analysis, 1 credit SFI elective

Julia Buxton

Course Description

NGOs, government agencies, businesses and even universities frequently operate in challenging and unpredictable environments. Problematically, risks that can impact operations, staff and clients can be underestimated or misunderstood. The assumption that things will continue as previously, combined with cognitive bias – the tendency to be subjective, simplistic and ‘political’ in how we understand and interpret trends and events, are particular drivers of poor decision making and the underestimation of risks.

This 1 credit SFI introduces students to the tools for analysing the different types of political and broader risks (global economic, environmental) that need to be anticipated and mitigated, including methods of risk mapping, indicator identification, trend monitoring, scenario development and systems analysis. We will also consider the utility of ‘Black Swan’ theory and the challenge of improbable events.

This course complements the 2 credit SPP SFI *Scenario Planning: Context and Application*: but where Scenario Planning develops policy-makers skills of anticipating the long-term implications of their policy action, political risk analysis takes a reverse angle in looking at how interests can be impacted by external policy and other political, economic and social change.

Learning Outcomes

By the end of this SFI students will:

- Understand the history, relevance and growing demand for political risk analysis skills, and the importance of ‘out of the box’ thinking;
- Have identified a range of metrics / indicators relevant to risk tracing, monitoring and analysis in different geographic and sectoral contexts;
- Be familiar with the issues around diversity and reliability of sources and the importance of developing ‘non-traditional’ risk indicators (early warning systems, tactical risk intelligence);
- Understand strategies for mitigating and managing political risk

Assessment

Student performance is evaluated on a pass / fail basis. Students will work collaboratively to complete a series of mini assignments during the SFI that build into a risk matrix for case studies that will be distributed in advance of the SFI. Students must demonstrate effective communication of their analytical reasoning.

Reading

J. Simon (1985) 'Political Risk Forecasting' *Futures* 17:2, pp 132-14.

S. Culp (2012) 'Political Risk Can't Be Avoided, But It Can Be Managed?'

Forbes Magazine

<https://www.forbes.com/sites/steveculp/2012/08/27/political-risk-cant-be-avoided-but-it-can-be-managed/#4e67fc5c3acb>

Shell *Navigating an Uncertain Future* – the videos and the AIDS in Africa scenario

<https://www.shell.com/energy-and-innovation/the-energy-future/scenarios/what-are-scenarios.html>

University of Cambridge, Judge Business School, Centre for Risk Studies, some interesting publications at <https://www.jbs.cam.ac.uk/faculty-research/centres/risk/publications/>

And specifically on methodologies

https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/risk/downloads/crs-cambridge-global-risk-index-2018-methodology.pdf

McKellar, R. (2010) *A short guide to political risk*. Gower. (a business focus)