

Business risk management: research developed in the professional field**Administración de Riesgos Empresariales: Investigación desarrollada en el ámbito profesional**

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Abstract

An approach to risk management globally from the professional perspective, useful for future research.

Enterprise risk management, Survey, Professional association

Resumen

Una aproximación a la gestión de riesgos a nivel global a partir de la perspectiva profesional punto de partida para investigación futura.

Gestión de riesgos empresariales, Encuesta, Asociación profesional

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Introduction

In the last decade, research on the subject of enterprise risk management (Enterprise Risk Management) has gained relevance in professional practice.

Different professional associations have developed studies based on the survey method, in order to identify the current state of practices adopted by companies in this regard.

The objective of this work is to analyze 12 studies carried out by eleven different institutions classified into three groups, the studies issued by professional associations (1) that guide professional practice, (2) the studies developed by accounting and auditing firms, and (3) the studies published by some other firms that offer services specifically in the risk area and other firms recognized for the dissemination of financial information.

The text is structured in four sections: first, the professional associations that have published studies related to risk management using the survey method are listed (section I). Subsequently, the results obtained in the studies focused on the types of risks are analyzed (section II). Next, the results related to the risk management process are analyzed (sections III); and, finally, the conclusions are presented (section IV).

Risk management studies using the survey method

The twelve studies selected for analysis are presented in Table 1.

Estudios seleccionados sobre gestión de riesgos	País
<i>Publicación por Asociación Profesional</i>	
Enterprise risk oversight: A global analysis 2019 CIMA Chartered Institute of Management Accountants	Prácticas ERM
COO's 2019 Report on ERM: Current State of Enterprise Risk Oversight and Market Perceptions of COO's ERM 2019 COO The Committee of Spreading Organizations of the Treasury Commission	Papel del consejo ERM
Board Risk Oversight - A Progress Report: Where Boards of Directors Currently Stand in Exercising their Risk Oversight Responsibilities 2018 COO The Committee of Spreading Organizations of the Treasury Commission	México ERM
Global Survey on Risk Management and Internal Control: Results, Analysis, and Proposed Next Steps 2017 IFAC International Federation of Accountants	Guatemala ERM
<i>Publicación por Firmas de Consultoría y Auditoría</i>	
Global Risk Management Survey: Seventh Edition, Navigating in a changed world 2019 D&T Deloitte Touche Tohmatsu International	Prácticas ERM
Annual Corporate Directors Survey 2018 PWC PricewaterhouseCoopers	Papel del consejo
The evolving IT risk landscape: The why and how of IT Risk Management today 2017 EAY EY & Young	ERM IT
Risk Management for Asset Management 2017 EAY EY & Young	ERM Activo
Enterprise Risk Management Survey 2017: A Driver of Enterprise Value in the Emerging Environment 2017 KPMG KPMG	Prácticas y Directiva ERM
<i>Publicación por otros grupos de difusión de información, profesionales y de gestión de riesgos</i>	
Global Emerging Risks Survey: Steering the Course, Seizing the Opportunity 2018 IT Financial Times	Guatemala ERM
Global Enterprise Risk Management 2017 AICPA American Institute of Certified Public Accountants	Guatemala ERM
Risk Radar 2017: How firms are managing risk 2017 EY EY EY Research Intelligence Unit	Guatemala ERM

Table 1 Any Studies carried out by professional associations and firms on risk management based on the survey method

Methodology

The results of each study were analyzed using content analysis.

To obtain an answer at the international level (7 out of 12 studies), the firms selected a response profile with a focus on the positions occupied by senior management (10 out of 12 studies) and members of the board of directors (in 2 out of 12 studies).). The response predominantly offers the perspective of directors or risk managers (3 of 12 studies) as well as CFOs (3 of 12 studies); There was also a response from the directors of the business unit, the information technology directors and those responsible for internal audit.

According to the location of the operations of the participating companies, it is possible to distinguish the predominance of companies located in the United States (9 of 12 studies) and in Canada.

From there by highlighting the participation of the North American region, as well as in some other studies, the greater response from countries such as the United Kingdom and India.

Regarding the size and sector of the participating companies, a higher level of response was notable from small and medium-sized companies (5 out of 12 studies) as well as from those belonging to the financial, banking and insurance sectors (9 out of 12 studies).

Results

Types of risks

Among the different types of risks faced by companies (24 types of risks), economic risks stand out, given the effects of the expansion to emerging markets and the global financial crisis, in second place are the risks of the financial markets, with a focus on cash flow and capital availability risks, while legal risks, referring to the risks caused by changes and the creation of new regulations, occupy the third position. Next, the operational risks are located, where the supply chain and strategic risks stand out, in particular, the risks in business structures, such as mergers and acquisitions.

Regulation

These guidelines that make up the conceptual framework for risk management adopted by companies, highlighting the COSO II ERM framework, the one corresponding to the Australian standard AS/NZS 4360 and the ISO 31000:2009 standard. In addition to defining risk management, we identify the definition of internal control as complementary concepts and functions and the arguments for its integration exposed by IFAC.

Emphasis is placed on the changes in the guidelines (AON, 2011) mainly developed in the United States and the United Kingdom, corresponding to the new disclosure requirements by the SEC and the update of corporate governance, respectively (FT, 2010 and PwC, 2010), where the emergence and change in particular guidelines that regulate the financial sector stand out, such as the Basel II and III agreements, Solvency II, the Dodd Frank Law and the report by Sir David Walker (D&T, 2010 E&Y, 2011).

Implementation of ERM risk management

ERM risk management systems or programs have been implemented in companies and are currently continuing their development towards formal systems, beyond operational and immature stages. In many of the companies participating in the studies, risk appetite policies have been established in writing and have been approved by the board, while in some others they are still in the process of establishing them; in any case, most of the studies analyzed have been identified as an area that can be improved.

Among the main tools for risk measurement and assessment are the intuition and experience of managers, KRIs or business unit risk registers, highlighting the need to use other tools, such as scenario planning, risk indicators generated abroad, risk mapping, analysis of decision trees, opinions of external experts in the field, statistical analysis or probabilistic models.

And individual analysis or facilitated by the responsible group, the SWOT analysis, the opinions of internal agents who are experts in the matter, table-top simulation exercises, etc.

The communication of the information generated in relation to risk management is mainly intended for the information councils, in accordance with the requirements of the regulatory framework. The use that the boards have given to such information varies with respect to percentages that go from 50% to 70%, highlighting the summary of the key risks of the entire company and of the operating units and the related information at the operational and strategic level. The reporting process has been formal for many companies, while for others it has been casual and less robust. Similarly, other senior management positions besides the CEO are reported, such as the CFO and the treasury manager.

Conclusions

Risk management is a widely studied topic, not only in the academic field but also by professional associations and consulting firms. This topic is current and novel because, without a doubt, successful companies will be those that are prepared to anticipate future needs and undertake the process of risk management. Hence, the related research is useful and considered as a frame of reference not only for researchers, but also for managers, directors and boards of directors.

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