

Marketing Strategies for EWRM in Indian Businesses

Dr Ranit Kishore¹ , Dr Lalit Goyal² , Mr Emmanuel Gabriel³ , Mr Anupam Nautiyal⁴ ,

Ms Nandani Dhyani ⁵

¹Associate Professor and Dean, Tula's Institute, Dehradun

²Assistant Professor, Tula's Institute, Dehradun

³Assistant Professor, Tula's Institute, Dehradun

⁴Assistant Professor, Tula's Institute, Dehradun

⁵Assistant Professor, Tula's Institute, Dehradun

Abstract:

In this study, we aim to assess the current state of risk management within Indian companies while delving into the factors influencing the adoption or non-adoption of an integrated approach to risk management. Our investigation identifies the compelling reasons for embracing comprehensive risk management solutions, ultimately leading to enterprise-wide risk management (EWRM). Our research underscores the potential benefits of effective risk management in enhancing organizational performance. However, it also reveals that many companies lack the necessary infrastructure for implementing EWRM. We adopted an exploratory research design, employing survey research techniques that included structured questionnaires and interviews with representatives from 130 companies. Our research uncovers several challenges in the realm of risk management within Indian businesses. Chief among these is the issue of integration and incentivization. Risk management functions are often inadequately integrated into corporate strategies, and the utilization of information technology for risk management remains minimal. Additionally, the conventional portfolio approach to risk management, often referred to as integrated risk management or EWRM, is fraught with implementation challenges. This situation necessitates a fundamental shift in the way risks are perceived, highlighting the importance of fostering a risk-conscious culture across all business segments and providing suitable incentives for effective risk management. We emphasize that risk management is an integral component of the decision-making process within companies. Effective risk management can proactively mitigate the potential for business failures. This research underscores the limited understanding of risk management in Indian companies and the hesitancy of sample companies to participate, possibly due to concerns about revealing inefficiencies.

Keywords: Risk management, Integrated approach, EWRM (Enterprise-wide risk management), Marketing perspective, Incentivization

INTRODUCTION

The optimization of value within businesses has become increasingly challenging in recent decades due to the dynamic nature of the business environment. The decades of the 1970s and 1980s witnessed a series of calamities and systemic disruptions that generated a paradigm shift in the approach towards risk management. Consequently, this transformation led to the emergence of the discipline of risk management within the corporate realm, which has subsequently gained prominence starting from the 1990s. Risk management techniques, encompassing safety measures, quality control, hazard education, alternative risk financing, and diverse insurance methods, have been established and utilized for a considerable duration. However, recent advancements, notably the growth of derivative markets, have emphasized the significance of risk management, particularly in mitigating market risks. The advent of global markets has incentivized regional managers to

diversify their risk exposure by expanding into developed countries. Every firm encounters a multitude of dangers, and the degree of attention given to these risks may differ among organizations. The concept of risk has been subject to diverse descriptions and interpretations by professionals, encompassing a spectrum of financial variables as well as strategic elements. The concept of risk does not possess a universally agreed-upon definition. However, one approach to conceptualizing risk is by considering it as the degree of variability in potential outcomes. Shimpi asserts that risk is a fundamental component of all organizations, highlighting the direct involvement of functional managers in addressing risk in any context it emerges. According to Gupta, risk can be defined as the potential for straying from the established trajectory, resulting in diminished value and negative circumstances. The prevailing methodology commonly categorizes risk into various classifications, including credit, market, and operational risks.

Historically, the task of managing risk has been assigned to corporate treasurers, portfolio managers, insurers, and hedgers. Nevertheless, there has been a significant paradigm shift in the manner in which firms address risk management, transitioning from a focus on "hazard type" to a more strategic approach. Risks are being seen as more than just hazards with adverse financial consequences; rather, they are perceived as prospective opportunities. The emphasis of risk management has undergone a transformation, shifting from a comprehensive approach that addresses all risks to a more targeted approach that explicitly addresses significant risks. The recognition of risk management as a discrete managerial activity presents several advantages. The incorporation of risk management within the broader management plan serves to augment value. According to Jorion, the effectiveness of risk management is crucial for the success of organizations. He highlights that manufacturing firms are currently in the first phases of comprehending their susceptibility to various forms of risk. Lam endorses the notion that the implementation of risk management practices serves to mitigate fluctuations in earnings, optimize shareholder value, and cultivate employment stability and financial security within an organizational framework.

Shimpi posits a strong correlation between capital management and risk management. Nevertheless, the coexistence of risk managers and financial managers inside the insurance and capital markets may potentially result in less than optimal results. Li presents a theoretical framework for a strategic corporate investment allocation plan that aims to maximize the likelihood of surpassing a predetermined target. The inherent subjectivity involved in the process of risk measurement presents difficulties in continuously attaining precise outcomes. The proliferation of technological breakthroughs has precipitated the implementation of internal controls and security measures within enterprises. Laviada underscores the significance of the operational risk management framework, arguing for increased attentiveness in the implementation of operational risk management systems within organizations.

Every enterprise can be conceptualized as an assemblage of undertakings, commonly referred to as projects, and the favorable or unfavorable outcomes of these endeavors are contingent upon the fundamental presumptions created for the enterprise. The alignment of effective risk management with these assumptions has the potential to proactively mitigate the likelihood of company failures. Project managers frequently exhibit reluctance towards engaging in risk management activities due to feelings of discomfort. However, there is an observable trend in the field towards transitioning from an individualized and limited perspective on risk management to a more comprehensive and portfolio-oriented approach. The recognition of risk management as a strategic business management tool has been growing, as it serves to bridge the divide between company strategy and the practical management of risks in daily operations. The integrated method discussed here might be characterized as diagnostic in nature, as it seeks to facilitate optimal investment decisions by taking into account transaction costs and retaining a well-coordinated yet discerning viewpoint. The available research suggests that there is a growing trend towards a more extensive incorporation of risk management practices throughout various companies. Risk management is confronted with the inherent task of either mitigating the risk through its elimination or adapting to its consequences. The significance of risk management in achieving a harmonious equilibrium of hazards as the most efficient approach to corporate management in a multifaceted global environment is underscored. While it is acknowledged that quantifying specific risks, such as operational risk, poses consistent challenges, scholars suggest employing a comprehensive measure that incorporates all risks encountered by the organization. The allocation of diversification advantages among business units poses a significant difficulty, prompting the suggestion that risk managers should be incentivized. The core of

the risk management process is around the notion of "value," which refers to the usefulness or importance of the company to its stakeholders amidst an environment characterized by uncertainty. The presence of uncertainty can be interpreted as possessing dual characteristics, namely as a potential risk or an opportunity, since it has the capacity to either augment or lessen value. The establishment, conservation, or deterioration of value is closely interconnected with managerial choices, encompassing both strategic planning and daily operational activities. These decisions encompass the acknowledgment of potential risks and opportunities, necessitating management to evaluate information from both internal and external contexts, allocate important resources, and adjust enterprise actions in accordance with evolving conditions. It is argued that the value of stakeholders is derived from a combination of the present value of the existing business model and the value attributed to potential future growth opportunities. The assessment of this valuation is contingent upon various criteria, including allocative efficiency, execution efficiency, efficacy, and inventive skills. The implementation of professional risk management is essential in promoting these efficiencies and, thus, optimizing the total value of the organization.

The definition of Enterprise Risk Management (ERM) that we employ encompasses a systematic procedure that engages the board of directors, management, and other staff inside the organization. This procedure is employed in the development of strategic plans and encompasses the entirety of the organization, with the objective of recognizing possible occurrences that could have an effect on the institution. The purpose is to effectively mitigate risk within the organization's predetermined risk tolerance, so ensuring an acceptable level of confidence in the attainment of organizational goals. The adoption of a portfolio approach has resulted in the increased importance of Enterprise-Wide Risk Management (EWRM) as a critical consideration for senior executives across many organizations. These organizations currently acknowledge the merits of embracing an integrated viewpoint and are beginning to reap the gains. The promotion of the use of EWRM has been influenced by the elimination of regulatory obstacles that have traditionally existed between the insurance and capital markets. According to a research conducted by the EIU, organizations recognize the importance of implementing various structural measures to ensure the alignment of risk management, strategic planning, information systems, and organizational culture in order to effectively implement enterprise risk management (ERM). Regulatory organizations across the globe are exerting pressure on corporations to adopt integrated risk management methods. The adoption of an integrated approach is further facilitated by the evolutions in financial markets and the convergence of capital and insurance markets. Enterprise Risk Management (ERM) is rapidly gaining prominence as a robust instrument that bolsters the process of decision-making. Organizations are increasingly choosing to use ERM to provide a uniform and systematic strategy towards identifying, measuring, and addressing risks throughout the whole business. The adoption of Enterprise-wide Risk Management (EWRM) presents several benefits, including heightened organizational efficiency, greater risk reporting quality, and improved business performance. The optimization of risk is a crucial factor in value creation, and the implementation of Enterprise-Wide Risk Management (EWRM) serves to strengthen an organization's capacity to effectively manage risks and capitalize on potential possibilities. However, enterprise risk management (ERM) exhibits distinct differences when compared to the fragmented and compartmentalized risk management approaches often observed in several organizations. The aim of this endeavor is to offer a holistic perspective of the firm, with the intention of including a wide range of hazards that may arise throughout the entirety of the organization.

A comprehensive analysis of risk management in financial institutions demonstrates a notable increase in the responsibilities assigned to Chief Risk Officers (CROs), with more than 50% of them actively engaging in strategic decision-making at the organizational level. The recent amendments made to Clause 49 of the listing agreement between firms and stock exchanges in India have introduced a requirement for corporations to develop internal controls and disclose any identified shortcomings. It is imperative for corporate boards to do an assessment of the risk management framework employed by their respective organizations. As per the analysis of certain risk consultants, a significant number of organizations exhibit a deficiency in effectively communicating their risk management policies, and even when such policies are there, they are rarely integrated with their overall company strategies. The increasing focus of market participants on risk management and the eventual alignment of rules in this area are apparent. The primary objective of the Enterprise-Wide Risk Management (EWRM) framework is to effectively attain the goals of an organization. These objectives are typically classified into four distinct areas:

(1) Strategic objectives: Goals at a high level that are in alignment with and serve to support the overall mission.

(2) Operations: Maximizing resource usage through effectiveness and efficiency.

(3) Ensuring the Reliability of Reporting: A Critical Examination

(4) Compliance Enterprise Risk Management (ERM) is a shared obligation within the organizational structure, wherein specific responsibilities are designated to individuals such as the Chief Risk Officer (CRO), Chief Executive Officer (CEO), internal auditors, and other relevant stakeholders. It is well acknowledged among researchers that a majority of organizations presently function inside the preliminary phase, whereby risks are managed in isolation by domain specialists. The use of the portfolio approach, namely the Enterprise-Wide Risk Management (EWRM) framework, is limited to a select few companies.

RESEARCH QUESTIONS:

1. What is the current state of risk management philosophy in Indian companies?
2. To what extent have Indian companies adopted and implemented the Enterprise-Wide Risk Management (EWRM) approach?
3. How do Indian companies assess their risk awareness, communication, responsibility, measurement, and integration?
4. What are the determinants driving the need for EWRM within Indian enterprises?
5. What factors influence the adoption or lack of adoption of an integrated approach to risk management in Indian companies?

HYPOTHESIS:

Based on the information provided, the following hypotheses can be formulated:

1. The risk management function in Indian companies is not fully developed, and this may hinder the implementation of EWRM.
2. Research studies on Enterprise Risk Management (ERM) in Indian companies are rare, indicating a research gap.
3. The awareness of various risks among Indian companies is limited, and only a fraction of them have adopted professional risk management practices.
4. The integrated approach to risk management is largely absent in Indian companies.
5. Functional managers may face challenges in conceptualizing and implementing EWRM in Indian organizations.
6. The adoption of EWRM in Indian companies is influenced by specific determinants, which this study aims to identify.

METHODOLOGY:

The methodology described in the text is as follows:

1. **Data Collection Method:** The authors have used a survey method to collect data from Indian companies. A risk assessment questionnaire was administered to 130 companies, resulting in 90 valid responses. Data smoothing was applied to four companies, and the final analysis includes data from 94 companies.

2. **Data Processing:** The survey questionnaire contains both closed-end and open-ended questions, framed on a Likert-type scale (3-5 points). It comprises five major building blocks with a total of 33 questions related to risk awareness, communication, responsibility, measurement, and integration.
3. **Data Source:** The questionnaire is primarily based on the style of the "risk assessment questionnaire" of the Audit Office of New South Wales, focusing on gathering information about the company-specific risk profile, organization of risk management, responsibility for risk management, organization of risk management within the company, utilization of risk-financing techniques, and the status of risk integration and adoption of the EWRM approach.
4. **Sample Selection:** The sample companies represent both those that have already implemented risk management solutions and those in the process of implementing such solutions. Respondents for the survey are functional heads of the companies under investigation, including both large and medium-sized companies in the manufacturing and services sector.
5. **Exclusions:** Insurance and banking companies are excluded from the study due to the unique nature of their risk management practices.

RESULTS AND DISCUSSION

Indian organizations exhibit a tendency towards a reactive approach in their risk management practices. Our initial investigation of these organizations prior to the subprime crisis revealed that they purported to possess the most efficient risk management methods. Nevertheless, the examination conducted within the specified timeframe encompassed the analysis of questionnaires and the implementation of interviews. This inquiry unveiled a deficiency in the definition, conceptualization, and implementation of risk management within these organizations. This paper aims to present an overview of the findings and implications pertaining to diverse facets of risk management in Indian corporations.

Automated managerial techniques have garnered significant acclaim, as indicated by 97.43 percent of the participants who acknowledged that proficient risk management has the potential to enhance organizational performance. This observation highlights a prevailing consensus regarding the advantages of using risk management strategies. However, there is a prevailing unfavorable sentiment among individuals regarding the relationship between corporate mission and risk management. Specifically, 38.46 percent of respondents acknowledge the existence of a connection, while the majority, accounting for 61.54 percent, refute such a link. Moreover, the obtained χ^2 value of 4.154 suggests that the majority of participants do not perceive a correlation between organizational mission and risk management, although acknowledging its significance. According to the data presented in Table III, a significant majority of respondents, specifically 97.43 percent, who hold a strong agreement or agreement with the notion that good risk management can improve organizational performance, also express the belief that there exists a correlation between the organizational mission and risk management. This finding suggests that the integration of risk management into the broader corporate strategy is essential, and should be clearly articulated in the organization's goal and objectives statement, whether directly or implicitly. The relevance of corporate managers is widely acknowledged across many businesses. Operational risk emerges as the most significant category among the identified risks, as evidenced by a considerable proportion of the participants. This observation is disconcerting, since it implies that individuals belonging to different functional domains may possess an incomplete understanding of the dangers that are vital to their respective organizations, indicating a deficiency in their cognitive processes.

A considerable proportion of participants (61.54%) holds the belief that it is not necessary for every employee inside the firm to be apprised of hazards. Among the members of this particular group, a notable proportion of 30.77 percent indicate their discontentment with the risk communication strategy employed by the business. Of the respondents, 38.64 percent expressed support for risk communication. It is noteworthy that a significant proportion of this group expressed satisfaction with their organization's efforts in this domain. Therefore, the degree of satisfaction pertaining to risk communication inside the

business is contingent upon employees' perceptions of the significance and indispensability of the communication. This suggests that functional heads may perceive risk management as a duty of senior management, regarding it as a more elevated task that should be treated with confidentiality. This observation emphasizes the existence of a communication obstacle between functional heads and the CEO/board of directors, hence indicating the probable necessity for a designated professional to oversee risk management coordination.

Values	1	2	4	Total
<i>N</i>	0.000	35.897	2.564	38.462
<i>Y</i>	46.154	15.385	0.000	61.538
Total	46.154	51.282	2.564	100.000
Test statistic	Value	Degree of freedom		Probability
Pearson χ^2	42.510	2.000		0.000

Note: LINKAGE\$ (rows) by EFFECTIVE (columns)

Table I. Linkage of organization mission and risk management

The primary duty for risk management is with the chief financial officer (CFO) or director of finance, while the board of directors and line managers thereafter assume this role. This viewpoint is consistent with the stance of specific scholars who suggest that the Chief Financial Officer (CFO) might potentially take on the responsibilities of the Chief Risk Officer (CRO). The assignment of overall responsibility for risk management to the board of directors is attributed to the notion of risk management as a function of top management traits. Furthermore, it is observed that line managers, who are responsible for risk management, demonstrate a significant inclination towards the widely adopted "silo" approach to risk management within organizations.

Although a significant number of organizations demonstrate a comprehensive comprehension of their accountability for risk management within the organizational framework, a noteworthy proportion (41.06 percent) exhibits a sense of ambiguity regarding the aspect of documentation. One potential reason for this occurrence may be attributed to the recognition among corporate executives of the shared responsibility associated with risk, but the absence of a comprehensive and organized framework for risk management. In accordance with this perspective, a significant proportion of participants, specifically 46.16 percent, express their disagreement on the effective communication of risk management responsibilities inside the business (refer to Table IV). There exists a notable proportion of individuals who hold the belief that it is not necessary to disseminate risk-related information to all employees within a business. This observation indicates a need for the implementation of a structured risk management framework within Indian corporations. Risk assessment in Indian enterprises mostly revolves around the evaluation of its financial implications, with later consideration given to the resulting consequences. Only 15.38 percent of the participants identified the achievement of objectives as a factor associated with risk analysis. This observation indicates a deficiency in the ability of corporate executives to effectively develop a coherent connection between risk management practices and the broader objectives of the firm.

An assessment of the scores assigned to different tools and procedures utilized by organizations for risk identification indicates that line managers assume the foremost responsibility in this domain, with the board of directors and executive management team closely following suit. Interestingly, internal auditors, who are tasked with the responsibility of identifying risks, avoid utilizing audit techniques and physical inspections. Within the realm of line management, the prevailing methods employed for the purpose of risk identification encompass the evaluation of both local and overseas experience, as well as the practice of brainstorming. Operational modeling has been seen to be a less favored approach for the purpose of risk detection. Line managers, Chief Financial Officers (CFOs), and internal auditors predominantly depend on the examination of prior

experiences and process analysis. In organizations where the board of directors or executive management team has the responsibility for risk identification, the utilization of advanced risk identification tools, such as scenario analysis and SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, is not commonly observed. An analysis of variance (ANOVA) was performed for each tool employed in the identification of risk as compared to the assignment of responsibility for risk identification. The F0.05 ratio for the variables representing risk identification tools, excluding TOOLINTERVIE and TOOLOPMOEL, was determined to be statistically insignificant (Table V). This suggests that there is limited variability in the techniques used by those who are responsible for identifying risks. The restricted utilization of operational modeling by certain respondents is considered to be the primary reason for its diminished significance. Internal auditors and functional heads often exhibit a preference for utilizing interviews and focus group tactics. In conclusion, it can be deduced that risk analysts within corporate entities exhibit a tendency to refrain from employing contemporary methodologies for risk analysis, potentially attributable to traditional practices, limited knowledge, or inadequate proficiency.

Dependent variable	Squared multiple <i>R</i>	<i>F</i> -ratio
TOOLSAUDIT	0.083	1.646
TOOLBRAIN	0.063	1.228
TOOLEXAM	0.103	2.100
TOOLSWOT	0.113	2.250
TOOLINTERVIE	0.141	2.985
TOOLSURVEY	0.107	2.192
TOOLSCENARIO	0.044	0.835
TOOLOPMODEL	0.244	5.883
TOOLPASTEXP	0.089	1.782
TOOLPROCESS	0.012	0.215

Table 2: ANOVA for risk identification responsibility (RESPONSIBI)

A significant proportion of participants perceive risk identification, analysis, tactics, and organizational focus and support as integral elements of the risk management philosophy. Nevertheless, it is important to acknowledge that there exists a significant deviation in the context of risk communication and assistance. Among the sample of 88 participants, it was found that a majority of 78 individuals held the belief that risk communication and support were not significant components of the risk management philosophy. Furthermore, these respondents expressed the view that it is unnecessary to disclose risks to all employees inside the firm. The presence of biases in the replies generates potential distortions, which have substantial implications for the application of risk management strategies. If the individuals accountable for executing risk implementation have the belief that risk communication should not be disseminated widely, the core principle of engaging all employees in the risk management process may encounter obstacles. Approximately 46.15 percent of the surveyed organizations admit to experiencing failures as a result of insufficient risk management. Approximately 48.72% of the participants have expressed indecisiveness regarding this issue. This observation indicates a deficiency in the proactive identification of risks by corporate executives and their capacity to build a correlation between adverse events (failures) and established risk management protocols.

A significant proportion of participants (56.41 percent) hold the view that the training provided by the company pertaining to risk management is inadequate, while 35.90 percent express a sense of ambiguity or lack of certainty. Upon doing a more thorough analysis, it was discovered that the majority of the sampled organizations had not implemented specialized initiatives exclusively aimed at the practice of risk management. On the contrary, the consideration of danger was tacit or presumed evident. During the training sessions conducted within these firms, the primary focus of discussions pertaining to risk management predominantly centered upon financial risk, encompassing many subjects like risk-adjusted returns.

Additional factors, such as the risks associated with fire, security, and hazards, were discussed in a more comprehensive manner. Furthermore, organizations have reported a scarcity of professionals within the industry.

The level of incorporation of the risk management function into computerized systems in Indian enterprises remains very limited. A significant discrepancy was observed in the degree of computerization between the departments led by functional heads and the organization as a whole. The observed discrepancy can potentially be ascribed to a lack of emphasis on risk management or the absence of sufficient infrastructure. Nevertheless, it is important to acknowledge that present-day corporations are allocating significant resources towards computerization in response to the changing operational landscape. Therefore, the most plausible explanation lies in the inadequate attention given to risk management.

Values	1	2	3	4	5	χ^2
COMPUTERYOUR	5.128	23.077	23.077	41.026	7.692	32.513
COMPUTEROTH	2.857	17.143	31.429	8.571	40.000	33.714
Source	Sum of squares	<i>F</i> -ratio	<i>p</i>			
COMPUTEROTH	53.914	47.541	0.000			
Error	18.429					

Note: Frequencies and ANOVA – COMPUTEROTH vs COMPUTERYOUR

Table 3 : Computerization of risk management

The assessment factors showed that risk assessment techniques had a significant contribution, particularly in terms of operational efficiency. Additionally, it was found that 38.46 percent of the respondents were uncertain about the impact of risk management practices on reputation and value maximization. The statement suggests that corporate managers tend to have a polarized vision of risk, with a greater emphasis on operational risk. However, their ability to comprehend and quantify other types of risks, such as market risk and credit risk, is comparatively limited. Moreover, the reactions to the identification of unfavorable events predominantly encompass operational hazards, while the subsequent measures taken after such events demonstrate the utilization of standard methodologies. Therefore, the corporate sector tends to prioritize the consideration of operational risk, even though its significance may not be as pronounced as that of other risks. The level of awareness regarding the integrated approach to risk management (EWRM) is very lacking, as seen by approximately 82.05 percent of respondents expressing no familiarity with EWRM. Interestingly, the participants chose not to offer any remarks regarding the current state of implementation of the Enterprise-wide Risk Management (EWRM) initiative. A significant proportion of 95.2 percent of respondents were classified under the categories of "somewhat implemented" and "cannot say." Interestingly, it is worth noting that the four individuals who were not familiar with EWRM (Enterprise-wide Risk Management) yet asserted that they had fully or partially implemented it were affiliated with Birlasoft Global and Alstom Projects. Upon further examination, it was discovered that the individuals in question were experiencing a lack of clarity on the distinction between risk management as a broad concept and the specific framework known as Enterprise-Wide Risk Management (EWRM). In summary, it is evident that the levels of awareness and execution of Enterprise-wide Risk Management (EWRM) in Indian organizations are very inadequate. Companies recognize that Enterprise-Wide Risk Management (EWRM) requires specialized knowledge and skills. This highlights the importance of perceiving risk management as a distinct and strategic profession, hence underlining the requirement for a Chief Risk Officer (CRO) to serve as the designated advocate for risk. The majority of respondents, accounting for around 84.21 percent, expressed a strong preference against outsourcing risk management solutions.

The rationale behind companies endorsing the practice of outsourcing risk management generally stems from a deficiency in experience or awareness, thereby underscoring the urgent necessity for training. The main obstacles to the successful

adoption of Enterprise-wide Risk Management (EWRM) are cognitive barriers experienced by functional managers, which may arise from either a reluctance to embrace change or an inability to effectively collaborate with different departments within the business. There is a significant lack of awareness and utilization of diverse instruments for the identification and analysis of risks. In light of the pressing inquiry regarding the implementation of EWRM, the prevailing viewpoint advocates for the development of a comprehensive approach to proficiently manage risks. This entails designating a devoted individual who will be solely responsible for this function, with a reporting line extending to the uppermost levels of the organization, such as the Chief Executive Officer or the Board of Directors. This suggests that the utilization of a silo approach to risk management by line managers and functional heads is ineffective in effectively managing the overall organizational risk.

According to the findings of a telephone survey, the vast majority of respondents demonstrate a lack of familiarity with the concept of Value at Risk (VaR). Furthermore, it was revealed that VaR calculations have not been implemented within their respective firms. Insurance and banking organizations may be subject to certain exceptions, which are worth noting, as a result of the regulatory framework that has been firmly created. Extensive research conducted in industrialized countries indicates a growing trend among organizations to adopt a systematic and comprehensive approach to risk management, accompanied by significant investments in information technology. The implementation of risk management practices exhibits both decentralized and centralized approaches, while a definitive preference is not consistently observed among the surveyed firms.

LIMITATIONS OF THE STUDY

1. **Limited Scope:** The study focuses on the challenges and strategies related to Enterprise-Wide Risk Management (EWRM) implementation, which may not cover all aspects of risk management in different organizations. It may lack a broader view of risk management practices in diverse industries.
2. **Generalization:** The study discusses principles and recommendations based on specific sources and models, which might not be universally applicable to all organizations. The effectiveness of EWRM can vary depending on the industry, size, and geographic location of a company.
3. **Lack of Empirical Data:** The study does not present empirical data or case studies to support its claims. Real-world examples and data-driven analysis could enhance the credibility and practicality of the recommendations.
4. **Evolving Business Environment:** The study does not address the dynamic nature of the business environment. Risk management practices and challenges can evolve rapidly, and the study may not account for the latest developments or emerging risks.
5. **Cultural and Regional Variations:** The study does not delve into the cultural and regional differences that can impact risk management. Effective risk management strategies may vary significantly based on cultural norms and regulatory environments.
6. **Implementation Challenges:** While the study outlines the challenges, it does not provide specific solutions or strategies to address these challenges effectively. Practical guidance for organizations looking to implement EWRM is missing.

RECOMMENDATIONS:

1. **Empirical Research:** Conduct empirical research and case studies to validate the principles and recommendations presented in the study. This can help organizations understand how different EWRM strategies work in various contexts.
2. **Industry-Specific Guidance:** Provide industry-specific guidance, as risk management needs can differ significantly between industries. Tailoring EWRM strategies to the unique challenges of a particular sector can enhance their effectiveness.

3. Continuous Monitoring: Emphasize the importance of continuous monitoring and adaptability in EWRM. Organizations should regularly review and update their risk management strategies to stay aligned with changing risks and business conditions.
4. Cultural Awareness: Acknowledge the significance of cultural and regional differences in risk management. Encourage organizations to consider cultural norms and regulatory requirements when implementing EWRM.
5. Practical Implementation Strategies: Offer practical steps and tools for organizations to implement EWRM effectively. Address specific challenges, such as garnering support from top management and structuring incentives.
6. Stay Current: Keep the research and recommendations up-to-date to reflect the evolving risk landscape. Organizations should have access to the latest insights and best practices in EWRM.
7. Case Studies: Include real-world case studies that illustrate successful EWRM implementations. These examples can serve as valuable references for organizations looking to enhance their risk management practices.
8. Training and Education: Promote training and education on EWRM for executives and employees to ensure widespread awareness and understanding of its value.

CONCLUSION

An integrated risk philosophy necessitates comprehensive training in risk management, with a particular emphasis on the pressing requirement for dedicated institutions and proficient professionals in this domain. Organizations such as the Institute of Internal Auditors, India, have undertaken initiatives in the field of Enterprise Risk Management (ERM). However, it is observed that the current programs mostly emphasize audit and internal controls, rather than effectively integrating ERM into overall corporate strategy.

The successful implementation of Enterprise-wide Risk Management (EWRM) solutions requires a significant allocation of resources towards infrastructure development, with a particular emphasis on the acquisition of expensive information technology (IT) solutions. It is crucial for the effective implementation of Enterprise-Wide Risk Management (EWRM) to establish a connection between risk management and the broader corporate objectives. The concept of corporate governance is widely recognized in contemporary business organizations as an essential requirement for the successful implementation of Enterprise-wide Risk Management (EWRM). Enhancing risk communication inside corporate entities is crucial for effectively leveraging and fostering trust in risk management practices. The effective dissemination of information on organizational hazards is of paramount importance in cultivating risk tolerance, especially within the lower echelons of management. While operational hazards have historically received significant attention, it is possible that there exist other risks that could be even more crucial. Therefore, there exists an urgent necessity for a paradigm shift in the methodology employed by organizations when conducting risk assessments.

In order to ensure the success of Enterprise-wide Risk Management (EWRM), it is imperative that functional heads are sufficiently motivated to assume their risk management duties. This can be achieved by potentially offering incentives as a means of motivation. The designation of a risk champion, commonly referred to as the Chief Risk Officer (CRO), holds significant importance. Exclusively, it is the responsibility of corporations to undertake comprehensive training programs on diverse facets of risk management. The effective management of enterprise-wide risk management (EWRM) has the capacity to serve as a strategic competitive advantage through the identification of targeted action steps that improve performance and optimize risk. Additionally, it has the potential to impact corporate strategy by uncovering modifications associated with previously unrecognized possibilities and hazards. It is imperative to recognize the significance of adopting Enterprise Risk Management (ERM) as a strategic endeavor, rather than only considering it as a mundane operational task. Encouraging the utilization of information technology (IT) to automate risk management procedures is advisable, as corporate websites can

function as effective platforms for expressing dedication and addressing issues pertaining to enterprise-wide risk management (EWRM). This approach can effectively convey a good message to stakeholders.

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