ENTERPRISE RISK MANAGEMENT MEASUREMENT METHOD

Abstract:
Enterprise Risk Management (ERM) is seen as an holistic approach to ensure a good risk management strategy for companies to help minimise potential pitfalls and improve long term business sustainability. However questions still arise whether ERM implementation impacts on a firm's performance. Past studies have shown no consensus that ERM does increase firm performance as advocated by regulators and business advisors. So the issue exists as to whether ERM implementation has been adequately assessed. An alternative measurement of ERM implementation is proposed. The measurement is based on standardised integrative scoring. The relationship between the proposed measurement and firm performance is then considered taking account of appropriate control variables. Using data from the Thailand Stock Exchange it was found implementing ERM can improve firm performance in term of Tobin's Q, ROE and ROA.

Keywords:
Enterprise Risk Management, Risk Management, Risk Organisation, Holistic Strategic, Firm Performance