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DIVERS AND HINDRANCES OF ENTERPRISE RISK MANAGEMENT (ERM) IMPLEMENTATION: EVIDENCE FROM INDIA

Abstract:

After global financial crisis, risk management failures of business firms were highlighted and a need of integrated risk management system was felt globally. Indian firms were no more exception to these developments and it became mandatory for all listed Indian firms to introduce a formal risk management system after introduction of clause 49 in the year 2000. Since then all public and private sector firms in India started developing a formal risk management system. Even after one and half decade the level of implementation of enterprise risk management and its understanding by people working in these firms is immature and questionable.

The purpose of this paper is to identify drivers and hindrances of enterprise risk management implementation in listed Indian companies. The study used a primary survey of top and middle level executives working in listed companies of India. An online questionnaire is circulated for data collection from 500 public and private companies listed on National stock exchange of India. Total findings of 15 drivers and 30 hindrances, collected from literature review were found critical and respondents were asked to priorities on a five point scale. The findings of the study identified significant drivers and hindrances of ERM implementation for listed Indian firms. Findings of this study can be used by top level management of companies of emerging economies likes India for efficient implementation of ERM.

Keywords:

Enterprise Risk Management, Divers of ERM, Hindrances of ERM

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