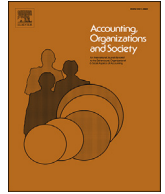




Contents lists available at ScienceDirect

Accounting, Organizations and Society

journal homepage: www.elsevier.com/locate/aos

The dynamics of (dis)integrated risk management: A comparative field study

Marika Arena ^a, Michela Arnaboldi ^a, Tommaso Palermo ^{b,*}

^a Dipartimento di Ingegneria Gestionale, Politecnico di Milano, Italy

^b Department of Accounting, London School of Economics and Political Science, Houghton Street, London, WC2A 2AE, United Kingdom

ARTICLE INFO

Article history:

Received 22 November 2012
 Received in revised form
 10 July 2017
 Accepted 29 August 2017
 Available online xxx

Keywords:

Enterprise risk management
 Risk talk
 Integration
 Boundary objects
 Infrastructure

ABSTRACT

Drawing on a comparative case study of enterprise risk management, and building on the literature on boundary objects, this study sheds light on the 'dynamics of (dis)integrated risk management'. Our analysis of enterprise risk management in two large organisations reveals a set of pressures that undermine the ideals of enterprise risk management mobilised by practitioners and their promise for 'integrated' control practices. While the two cases show how enterprise risk management is shaped in different forms, in both cases the attempt to create a shared context for the identification and communication of enterprise-wide risks makes visible and active residual elements that contribute to generate dissatisfaction and calls for change to integrated risk management. The discussion of the dynamics of (dis)integrated risk management contributes to extending research that is critical of procedural forms of enterprise risk management, as well as recent work that draws attention to the role of 'risk talk' in enterprise risk management. We also suggest that our study of enterprise risk management sheds light on some key tensions of infrastructure formation, thus contributing to recent theory-building research that draws attention to the accretion of processes, roles, and governance structures into an infrastructure that enables the production of accounts of performance.

© 2017 Elsevier Ltd. All rights reserved.

1. Introduction

Since the early 2000s, enterprise risk management has attracted increasing attention as an approach to the management of risk that is 'integrated', providing in aspiration a unitary and holistic view of the risks that an organisation as a whole is facing¹ (COSO, 2004; Hayne & Free, 2014; Power, 2007). Normative practitioner texts describe enterprise risk management as a process that is 'integrated with all other aspects of the business' (COSO, 2016: 4) and contributes to 'a systematic and integrated approach to the management of the total risks that a company faces' (Dickinson, 2001: 360).

A growing body of field-based studies challenges this promise of a unitary and systematic process (Arena, Arnaboldi, & Azzone,

2010; Jordan, Jørgensen, & Mitterhofer, 2013; Kaplan & Mikes, 2016; Mikes & Kaplan, 2013; Mikes, 2009, 2011; Palermo, 2014; Tekathen & Dechow, 2013). In contrast to many normative practitioner texts, enterprise risk management 'in action' is a collection of ideas, processes and tools that can be selectively used and assembled by internal organisational agents in search of areas to which they may contribute (Hall, Mikes, & Millo, 2015; Kaplan & Mikes, 2016; Mikes & Kaplan, 2013; Mikes, 2016).

Building on the contrast between the promise of 'integration' of enterprise risk management and its multifaceted field-level manifestations, in this paper we seek to examine whether and how a heterogeneous mix of tools, processes and networks of actors can give rise to something that, even if only temporarily, becomes a seemingly stable and coherent working ensemble.

Our analysis draws on, and seeks to develop, the literature on boundary objects (see, for a recent overview, Bowker, Timmermans, Clarke, & Balka, 2015). This literature draws attention to the way in which certain physical objects, processes, tools and even theories can act as 'integrating devices' (Carlile, 2002: 453) across organisational boundaries, contributing to form a 'shared context' among dispersed groups of actors. On this basis, the literature on boundary

* Corresponding author.

E-mail addresses: marika.arena@polimi.it (M. Arena), michela.arnaboldi@polimi.it (M. Arnaboldi), T.Palermo@lse.ac.uk (T. Palermo).

¹ We use the terms 'enterprise risk management' and 'integrated risk management' synonymously to underscore the link between enterprise risk management and the aspiration to achieve a form of integrated risk management. In Sections 5 and 6, we will refer to company-specific terms for organisation-specific manifestations of enterprise risk management.

objects encourages the exploration of how such a shared context is formed via the connecting role of heterogeneous 'objects',² broadly defined to include processes, tools and ideas that people act toward and with (Star, 2010) and which span organisational boundaries.

Previous work on boundary objects also suggests that the formation of a shared context is characterised by tensions that problematise the ideal of integration, thereby providing relevant insights into the analysis of enterprise risk management which follows. Firstly, boundary objects should be 'plastic' enough to adapt to local contingencies, but also 'robust' enough to maintain a common identity across boundaries (Star & Griesemer, 1989). Yet it is far from clear how organisations can strike a balance between these two features of boundary objects. Secondly, the boundary spanning function of boundary objects is often contingent on the type of problems that they are meant to address. A body of literature in organisation studies (see Carlile, 2002, 2004; Spee & Jarzabkowski, 2009) shows how different boundary objects function only in relation to problems that arise at specific 'knowledge' boundaries, which make knowledge sharing and communication difficult. Thirdly, boundary objects may 'scale up' and form infrastructures which comprise stable, routinized and interlinked work arrangements (Bowker & Star, 1999; Power, 2015; Star, 2010). In so doing, however, they may lose their flexibility and ability to adapt to local needs (Star, 2010).

Combining our empirical focus on enterprise risk management with these insights from the literature on boundary objects, we focus the analysis on the varied 'objects' (i.e. tools, processes, organisational arrangements, ideas etc.) that constitute an 'enterprise risk management mix' (Mikes & Kaplan, 2015: 29) and on how these 'objects' work across different organisational boundaries. On this basis, we formulate the following research questions: What is the role of the varied 'objects' that constitute enterprise risk management, and the boundaries within which they lie, in the formation of a shared context for risk management? And how do these varied components of enterprise risk management 'scale up' to form a set of interlinked work arrangements?

To address questions such as these, the paper is empirically based on qualitative data collected between 2004 and 2011 from two large organisations operating in Italy (anonymised as *Alpha* and *Omega*). Drawing on the literature on boundary objects, the comparative analysis of the case material sheds light on what we call *the dynamics of (dis)integrated risk management*. By using this expression, we seek to emphasise how the ideals of integrated risk management, mobilised by practitioners, seem to be subject to interrelated pressures that almost inevitably undermine their designers' aspirations. While our case-based analysis cannot offer comprehensive generalisations, by iterating between the empirical material and the boundary objects literature, it is possible to outline two specific dynamics that might prove useful in exploring enterprise risk management as a lived organisational practice in other settings.

Firstly, the case analysis shows the difficulty of balancing the 'plastic' and the 'robust' components of enterprise risk management. When the first prevails (as in *Omega*), the 'objects' of enterprise risk management become an indistinguishable part of organisational control processes, undermining the production of visible evidence of risks and risk management. When the second prevails (as in *Alpha*), the 'objects' of enterprise risk management do not suit local needs, making visible residual risk categories that require ad hoc management processes. Secondly, the 'objects' of

enterprise risk management interact and accumulate around distinct problems that characterise the flow of information and knowledge sharing across organisational boundaries (Carlile, 2002, 2004; Spee & Jarzabkowski, 2009). In the two cases, these 'knowledge' boundaries focus the efforts of the champions of enterprise risk management, and facilitate the formation of a shared context around the problem of developing a common language for risk aggregation (*Alpha*) or translating different concerns into a common interest with the timely identification of performance variances (*Omega*). But, in so doing, they also separate what is bound, such as standardised templates (*Alpha*) and interactive practices (*Omega*), from other possible elements and focuses of enterprise risk management, thus generating dissatisfaction with, or calls for reform in, existing work arrangements.

Discussion of these dynamics contributes to extending previous risk management research in two ways. Firstly, this study shows how different approaches to realising the integration ideal of enterprise risk management, even interaction-rich approaches that have been proposed as an alternative to procedural forms of enterprise risk management (Power, 2009), are inherently unstable due to tensions that characterise the accretion of heterogeneous elements into what appears a seemingly coherent and stable set of interlinked tools, processes and organisational arrangements. Secondly, while recent work draws attention to risk functions that are able to balance compliance activities with a business partnering role (Kaplan & Mikes, 2016), this study suggests that these two dimensions may not coexist easily, as senior risk champions tend to specialise in a particular niche of risk tasks, in order to consolidate or extend their organisational footprint.

This study also has implications for work on boundary objects and infrastructure formation (Bowker & Star, 1999; Star, 2010). An analysis of enterprise risk management provides the opportunity to examine how heterogeneous elements, which can act as boundary objects on their own, form a seemingly stable and coherent working ensemble that presents infrastructural properties (Star & Ruhleder, 1996; Star, 1999). Compared to previous accounting research (Power, 2015), this study goes beyond a view of infrastructure as a technical apparatus that materialises a vague boundary object. By relating interlinked boundary objects to distinct problems with information-processing and knowledge sharing, we suggest that an enterprise risk management infrastructure is animated by a 'master narrative' (Star, 1999: 384), which contributes to knitting together heterogeneous 'objects', as well as making visible and active residual elements that may re-impose themselves over time. On this basis, while previous accounting research emphasises the stability and materiality of infrastructure (Poon, 2009; Power, 2015), this paper provides insights on how infrastructure might always be 'becoming or dissolving' (Boland, 2015: 236).

The rest of the paper is organised in the following way: Section 2 reviews the enterprise risk management literature to identify the gaps to be addressed in this study. Section 3 explains how the boundary objects literature is helpful in the analysis of the case study material. Section 4 describes research methods and the two organisational settings, including a brief overview of their enterprise risk management configurations. Sections 5–6 present the analysis of the two case studies. Section 7 discusses key findings and the implications of the study. Section 8 provides concluding comments and directions for future research.

2. Enterprise risk management 'in action'

Practice articles and prescriptive frameworks suggest that enterprise risk management differs from traditional concepts of risk management because different types of risks are addressed in an

² In the rest of the article we refer to 'objects' with inverted commas to underscore our specific use of the term as 'work arrangements that are at once material and processual' (Star, 2010: 604).

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات