Journal of
Empirical Research In Accounting

Alzahra University, Faculty of Social Sciences and Economics
Empirical Research in Accounting, Fall 2023, V. 13, No. 49, pp.21-24

Designing a Model of Effective Determinants and Financial Consequences of Enterprise Risk Management: Hierarchical Analysis and Developed Theory of Rough[1]

Fazel Tamoradi[2], Nazanin Bashirimanesh[3], Ahmad Kaabomeir[4], Zohreh Arefmanesh[5]

Received: 2023/03/11
Accepted: 2023/08/20

Research Paper

INTRODUCTION

For the success of the organization and to gain a competitive advantage, it is necessary to measure the exact amount of risk. Therefore, many researchers have focused on how to effectively implement the organizational risk management system (Zhu et al, 2023). The emergence and popularity of risk management is a reaction to rapid changes caused by globalization and legal pressure on organizations to manage risks in general, and its importance in recent years is due to the number of corporate frauds, financial scandals, increasing complexity of risks and pressure from Regulatory agencies have increased dramatically (Kashif Shad et al,2018). Also, following the global financial crisis, companies around the world have focused more on risk management. Also, in the current conditions of the world, the use of risk management can improve the resilience of the organization in crises. Societies, organizations, and individuals are in diverse and changing environmental conditions. This environment can also create important threats and challenges. As a result, to overcome these complex and destructive events, the need to develop

1. DOI: 10.22051/JERA.2023.43138.3110
2. Department of Accounting, Ahvaz Branch, Islamic Azad University, Ahvaz, Iran. (fazelt63@yahoo.com).
3. Assistant Professor. Faculty of Management, Economic & Accounting, Payame Noor University, Tehran, Iran. (Corresponding Author). (bashirimanesh@pnu.ac.ir).
4. Assistant Professor, Department of Accounting, Ahvaz Branch, Islamic Azad University, Ahvaz, Iran. (ahmad-kaabomeir@iauahvaz.ac.ir).
5. Assistant Professor, Faculty of Management, Economic & Accounting, Yazd University, Yazd, Iran. (zohreharefmanesh@yazd.ac.ir).

resilience in organizational and infrastructure systems is highlighted, which requires attention to different dimensions of risk management.

Considering the role of risk management in increasing the value and improving the performance of the company and its other positive consequences, it is necessary to carry out research that investigates the factors affecting risk management and its consequences. In the internal research, the researchers, by adopting the quantitative research method, investigated the impact of risk management as an independent variable on different variables as a dependent variable using multivariate regression analysis or structural equations. Based on the review of the authors, until now no research has been done in connection with the presentation of the model of regulatory and environmental factors affecting the management of the company and its financial consequences using the qualitative method, and conducting this research has reduced the research gap in this field and expanded the literature. Research in this area will help a lot. However, the current research uses a mixed method (qualitative-quantitative) and first by examining the theoretical foundations using a meta-composite qualitative method, it identifies the effective regulatory and environmental components and the consequences of risk management, and then based on fuzzy Delphi analysis according to two average criteria. The coefficient of agreement confirms or removes these components, and finally, the quantitative section specifies the most important effective components and the consequences of risk management in the form of a hierarchical model through the analysis of the developed rough set.

MATERIALS AND METHODS

This research is developmental in terms of the goal and terms of the result is descriptive-applied research. Also, in terms of data type, it is considered combined research. In the qualitative part, with the participation of 15 experts and using Meta Synthesis and Delphi analysis, regulatory and environmental determinants of enterprise risk management and its financial consequences were identified. Also, with the participation of experts, the most effective dimension of the causes of risk management and the most important consequence of the effectiveness of risk management using gray hierarchical analysis and the developed RAF set was determined.

RESULTS AND DISCUSSION

The results of the research showed that among the 64 primary indicators in meta- Synthesis analysis, 55 indicators reached the theoretical limit during the two stages of fuzzy Delphi analysis and it was determined that the quality of the information environment and competitive strategy, corporate governance, internal control and management structure as regulatory and environmental determinants of enterprise risk management and the effectiveness of profitability ratios, fulfilling social responsibility and increasing the trust of stakeholders were determined as the consequences of risk management. Based on the developed RAF analysis, it was determined that the quality of the information environment is the most influential risk management factor, and the increase in the level of trust of the stakeholders is the most important consequence of enterprise risk management. Paying attention to environmental and regulatory factors can lead to the improvement of risk management and as a result, increase the confidence of investors and reduce the cost of capital.

CONCLUSION

Based on the results of the research, it can be said that paying attention to environmental and regulatory factors can improve risk management and, as a result, improve the confidence of investors and reduce the cost of capital. Companies can seek to identify, evaluate, monitor, and reduce risk by developing a suitable environment for risk management. To develop a suitable environment for risk management, board members should be aware of the main aspects of risk and the responsibility of all employees in activities related to risk management should be clear. Also, companies should have sufficient supervision of the activities related to risk management, and evaluate and revise these activities regularly to change these activities if necessary.

Therefore, companies are suggested to disclose information such as the percentage of free-floating shares, details of investment risk, liquidity rating, credit rating of the company, stability of profit, cost of ownership, disclosure of information, disclosure of legal disputes, disclosure of separate remuneration of managers and disclosure of investments. carried out in the research and development sector reducing information asymmetry and increasing information transparency, reducing the risk of their company.

Investors and analysts are also suggested to pay special attention to the quality of the information environment and as a result the company's risk management in their investment analysis. Also, according to the results of the research adopting a competitive strategy by companies facilitates the effective management of organizational risk, it is suggested to develop innovative technical, environmental, and managerial activities of the company, to develop the effectiveness of intangible capital, including human capital, structural capital, communication capital and Development of the management accounting information system, including the development of financial decision support systems, strategic financial

information systems, financial information operational level systems, and the development of the active information network between the company and the stakeholders, put them at the top of their strategic and operational plans and capital Policymakers, analysts, and policymakers are also suggested to pay more attention to these factors.

Keywords: Enterprise Risk Management, Regulatory Factors, Environmental Factors, Financial Consequences.

JEL Classification: G3, G32, G34.