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How the enterprise risk management function influences decision-making in the organization – A field study of a large, global oil and gas company

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Abstract

Risk management has been a discipline for decades. However, organizations have only recently begun to introduce a separate enterprise risk management (ERM) function. The aim of this study is to examine the transformation of the ERM function's influence in a company over time. We use a historical case study informed by social theory on how to influence others to investigate this phenomenon. The findings show that the construction of risk technologies over time triggers a change in the ERM function's influence on decision-making. Two processes of influence are used by the ERM function: *selling new ideas* and *managing knowledge across boundaries*. In the first process, the ERM function attempts to vertically influence top management's decisions regarding acceptance of new risk management technologies. In the second process, the ERM function attempts to horizontally influence decision makers to use risk knowledge in decision processes. Theoretically, our findings contribute to our understanding of how the ERM function influences decision-making in organizations over time.

Keywords

Enterprise risk management

Influence

Decision-making

Issue selling

Knowledge management

Field study

1. Introduction

Enterprise risk management (ERM) has grown rapidly in organizations over the last two decades with shareholders, regulators, professional bodies and rating agencies pushing for better corporate governance, risk management and internal control (Bhimani, 2009; Power, 2007; Soim and Collier, 2013). In the wake of large business scandals and financial crisis there

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