
Editorial

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Biographical note: Elaine P. Harris is Professor and Head of Department of Accounting and Finance and Head of the Graduate Centre at Leicester Business School. She is currently Chair of the British Accounting Association's Committee of Heads of Accounting, and Secretary of the Management Control Association. Her principal research is on risk and management of strategic investment decisions.

Risk management has become an essential element of management control. Part of the driving force to put risk management on board agendas has been the increasing regulation following Turnbull (1999) in the UK, the Sarbanes-Oxley Act, 2002 in the US and the COSO (2004) framework for Enterprise Risk Management (ERM). There is an obligation for company directors to establish and report on techniques to assess and manage business and financial risks. The emphasis of this corporate governance movement has been on internal control and accountability. More recent research has focussed upon the processes and techniques for assessing and managing risks in large organisations, sometimes ignoring the human behavioural and socio-political aspects.

It is human behaviour and socio-political change that provide the context for managing risks. There is a need to critically evaluate the processes and frameworks in use in business risk management, and to develop new approaches, so that practitioners have more choice in how they assess the risks involved in their organisations. This area forms an important research interest for many members of the Management Control Association (MCA). The MCA is a network of researchers who are interested in the broad area of control in organisations. The ethos of the MCA is to develop critical insights into control processes and encourage research that recognises the organisational, personal and social contexts of control. The majority of papers in this special issue have either been authored or reviewed by a member of the MCA.

This special issue, therefore, brings together a number of papers with a range of organisational perspectives on risk, using a variety of methodological approaches. We begin with four case study based papers. Berry and Collier use two case studies of first tier suppliers in the automotive industry to analyse how performance risk changes if the relationship in the supply chain changes. Mikes uses three case studies to explore the selection and use of operational risk practices in the financial services sector. Harris uses four cases of business acquisitions by a company in the logistics industry to elicit the risks involved in these important strategic investment decisions. Woods examines risk management practice in a well known supermarket chain to show how the balanced scorecard approach to performance measurement overlaps with ERM in its strategic control systems.

Williamson provides a critique of the ERM framework prescribed by COSO (2004), a cautionary tale for practitioners and consultants in the field. Finally, Donzelli and Setola offer a new framework (GoRAF) for analysing risks relating to enterprise dependencies, based on a combination of a Requirement Engineering Framework (REF) and Critical Infrastructure Simulation by Interdependent Agents (CISIA), using data from an e-Government case study to illustrate its application.

Together, these papers make a useful contribution to our understanding of risk assessment and management in a variety of organisational contexts, and the theoretical underpinning of such practice. This special issue illustrates how managers in different organisational settings respond to the challenges of controlling activities in a risky business environment, and makes recommendations for future risk management practice.

References

- COSO (2004) *Enterprise Risk Management – Integrated Framework*, Jersey City, NJ: Committee of Sponsoring Organizations of the Treadway Commission, AICPA.
- Turnbill Committee (1999) *Internal Control Guidance for Directors on the Combined Code*, The Turnbill report, London: ICAEW.