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**With All The Good Intentions:
A Case Study of a Failure in Enterprise Risk Management**

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ABSTRACT

This study explores the implications of interrelationship between risks; and how, due to the tight coupling of systems, a specific risk can cascade and cause unforeseen effects throughout an organisation. The study was initially conducted in a high risk industry with the objective of indentifying the role played by the management accounting information system (MAIS) in integrating the information flows required for a sound Enterprise Risk Management (ERM). However, a surprise finding was that this very integration has the potential of increasing risk in the organisation. We show that a company with best-practice ERM systems, facilitated by the roles played by the Board and senior management, and also the company's auditors, consultants and the MAIS, can face serious consequences if its sub-systems are tightly coupled. It appears to be more likely that hidden risks may suddenly emerge resulting in systemic risk (or the domino effect) in organisations in which the ERM is tightly coupled by the MAIS. A recommendation is made for companies to consider loose-coupling in integrating ERM systems.

Keywords: Enterprise Risk Management, Tight Coupling, Domino Effect, Management Accounting Information System, High-Risk Industry, Case Study