

The relationship between ERM practices and performance in selected companies in Jordan

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Abstract: This study examined the impact of Enterprise Risk Management (ERM) on institutional performance of public shareholding companies in Jordan based on COSO (2004) ERM Integrated Framework. Questionnaire survey was adopted as the research methodology for this study, and a total of 313 questionnaires were successfully collected. The obtained data was analyzed by Structural Equation Modelling Tool (Smart-PLS), and based on the analysis, implementation of ERM was found to have a significant influence on institutional performance. From the finding's analysis, it was revealed that enterprise risk management framework had a role in improving the performance of extraction companies in Jordan. The analysis also highlighted that the increase of enterprise risk management framework implementation will increase the performance of the extraction companies in Jordan. Furthermore, all the independent variables (Internal Environment, Event Identification, Risk Assessment, Risk Response, Control Activities, Information and Communication, and Monitoring) are significant predictors, except for objective setting. These variables statistically and significantly predicted performance of extraction companies in Jordan. The findings from this study enable organizations to better understand the status of their ERM implementation and assist them in identifying areas of improvement, with regards to the processes within each ERM elements.

Keywords: Balances scorecard, enterprise risk management (ERM), institutional performance.

1. INTRODUCTION

Successful economic performance and value creation are considered the major drivers for the establishment of an organization in modern business environment (Hoyt, Moore, & Liebenberg, 2008) Modern business environment according to (Francis X. & Yilmaz, 2009) is embroiled with market dynamics, which make it difficult for companies to plot the right course for their continued existence and success. (Waweru, Nelson, Eric, 2012) assert that in business, there is no way of avoiding risk without giving up the opportunity to gain profits. This is known as business risk. These business risks according to (Bell, T., Solomon, F., & Thomas, 1997) represent threats to the ability of an enterprise to execute business process effectively and to create customer value in accordance with strategic objectives.

In recent years, there has been an amplified need for companies to adopt Enterprise Risk Management frameworks in contrast to the silo based risk management approaches. Enterprise Risk management (ERM) strives to universally weigh up and manage risks that a firm is exposed to. In light of this, it uses the risk appetite of a firm to determine risk acceptance levels and risk moderation, (Moeller, 2014)). In as much as there has been a significant increase in attention on ERM, minute educational investigations exist about the consequences of ERM on corporate performance (Moeller, 2014)

Enterprise risk management (ERM) is an increasingly popular strategy that attempts to holistically evaluate and manage all of the risks faced by the firm. In doing so, ERM uses the firm's risk appetite to determine which risks should be accepted and which should be mitigated or avoided. While there has been a considerable increase in practitioner attention on ERM in recent years, little academic research exists about ERM, and in particular about the consequences of ERM on

firm performance. This is true even though the Conference Board has found that a large number of companies are now starting to use ERM as a strategic management tool (Gates, S. 2005).

The global financial crisis and the consequential implications and effects on the business environment, whether internal or external, constitute one of the most important topics in contemporary research, although analysts are unable to determine their precise causes and sources. While companies face the inevitable risks of the crisis and its consequences that threaten, in some cases, their survival and continuity if not responded to and adapted to. Since the crisis broke out in September 2008, its repercussions and consequences have affected the Jordanian economy in all its sectors (mohammad, Matar, zaid, 2014) The most significant manifestation of these repercussions was the sharp drop in the profits of the Jordanian public shareholding companies listed on the Amman Stock Exchange in 31/12/2008, with all sectors reaching an average drop rate of 48%. This decline was reflected in the trading volumes of those companies, which also fell by 62%. On average, this effect extends to its market values, which fell by an average of 55% (Burghol, 2015). Therefore, this study sought to determine The relationship between ERM practices and performance in selected companies in Jordan

2. LITERATURE REVIEW

A number of different meanings are given to risk, because risk management is consistently improving as an important piece of equipment for a manager who wants to be influential. Despite not having a particular meaning for the word risk, the well-known characteristic of most of its meanings is the fact that it definitely deals with unpredictability. Before, risk was always known to be related to happenings that might have bad effects, but in the present the word risk can also be associated with situations that have a beneficial influence (Alja Ferkolj, 2010)

Risk management arose from the fusion of engineering applications in military and space programs and financial theory and insurance in the financial sector, The shift away from relying on the insurance department to the thought of the risk management reliant on the science of management in cost-benefit analysis and the value projected and the scientific method of the decision-making under conditions of uncertainty. Where it was the first appearance of the term of risk management in the journal "Harvard business review" in 1956, where the author at that time put a completely different idea, which is that someone within the organization should be responsible for corporate risk management Pure, It is among the first institutions that have managed their risks and the practice of risk management are the banks, which focused on the asset and liability management. It turns out that there are successful ways to deal with the most risk and preventing losses and limit the consequences when the impossibility to avoid them. And the expansion of the use of risk management techniques in various institutions (Ganya, 2015).

The term "risk management" is an open-concept has no specific fixed agreed definition Every specialist in this area has its own definition of this concept is based on his personal experience and the experience and culture of the organization which works as director of risk which has been defined risks management are several definitions of them

Risk Management is a continuous procedure of creating and securing choices which would lessen to an extent accepted by the impact or uncertainty concerning exposure to risks that have an impact on the business, in other words, it is the natural tendency of the organization towards a balance between opportunities and threats "(Abdel-Hay, 2010). A procedure, influenced by a whole group of directors, management and other groups of people, who apply strategic context and across the enterprise, made to detect potential happenings that might influence the whole. They also manage risk to stay inside the border its risk appetite, to give comprehensible assistance related to the achievement of entity goals" (Gatzert, N. , Martin, 2013). Is a state of uncertainty, it is the possibility of the happening of circumstances or events which could have an effect on the goals established, including the possibility of a loss or a profit, any Haddon the difference from the desired result or planned, associated if the risk and incidence of two elements namely, the possibility of the occurrence of the event. Causing the danger, and the effects or consequences that will be arranged on the occurrence of this event (Bujayrami, 2011).

Risk management is a central part of any company's management; since risk management helps managers gain knowledge of the potential positive and negative influence of all the internal and external traits surrounding the company, and thereby, increases probabilities of achieving an organization's overall objectives (Shannak, 2010)

2.1 ERM Definition

The subsidence has constrained organizations to put more spotlight on the management of risks identifying with all parts of their organizations. Such management is comprehensively characterized as enterprise risk management (ERM), which

depicts the arrangement of exercises organizations attempt to manage all the different risks that confront it in an all-encompassing, vital and incorporated technique (Dafikpaku, 2011). Enterprise Risk Management (ERM) is an ongoing, well-known subject. This is identified with the expanding number of vulnerabilities caused either by financial conditions or by the worldwide ones. Investors require an abnormal state of return, as well as the given fund security confirmation. The enhancement of organization execution, which is bolstered by great corporate hazard administration, may deliver a more ideal wage. This will improve the estimation of the organization (Agustina, Baroroh, 2016). Regardless of its moderate development, ERM is winding up step by step indispensable for organizations as of late on account of the expansion risks and the need to reframe the structure of advancement of organizations and firms (Gatzert, N. , Martin, 2013). According to (Brown I, et al, 2009), ERM isn't just a methodology and a procedure that associations use to manage risks, yet in addition, an opportunity to look to better chances, and accomplish a higher target. The fundamental target of ERM is to assist management in dealing with vulnerabilities and the related risks and openings during the time spent making esteem (Eikenhout, 2015).

A variety of ERM definitions can be found (COSO, 2004) interpreted ERM as "a procedure, influenced by an entity's BODs, administration and other staff, connected in methodology setting and over the enterprise, intended to distinguish potential occasions that may influence the substance, and manage risk to be inside its risk craving, to give sensible affirmation with respect to the accomplishment of element goals." Besides that, Asian Risk Management Institute clarify ERM as "a taught and strong way to deal with risk that helps the design of technique, process, individuals, and innovation, and enable firms to classify, rank, and viably achieve their critical risks (Teoh Ping, 2017). The Casualty Actuarial Society (CAS) depicts Enterprise Risk Management as, the order by which an association in any industry surveys, controls, adventures, funds and screens risks from all hotspots for the motivations behind expanding the association's short-and long haul an incentive to its partners." The general reason for ERM is to manage and moderate risks and exploit Opportunities at an enterprise level (Society of Actuaries, 2006). ERM is, "a vital business discipline that bolsters the accomplishment of a business' targets by tending to the full range of their risks and dealing with the joined effect of these perils as an interrelated hazard portfolio, it is a methodology that includes a whole association and enables the association to control chance association wide (Shoter, 2016).

In this manner, by receiving of ERM in association successfully, it may be a benchmark for different adherents in guaranteeing the earth of work environment which doesn't have risks and vulnerabilities. At the end, associations are grasping ERM on the grounds that it bodes well. Today, they effectively settle on the choice to change the manner in which they go out on a limb. They actualize inventive systems, put in new innovation, and effectively reshape their corporate culture to encourage better risk-taking. Actualizing a viable methodology of ERM isn't simple and for every association, it is extraordinary (Setapa et al., 2015).

2.2 Enterprise Risk Management Framework

The use of standards and frameworks is claimed to proactively improve organizational resilience and sustainability. A framework is a structure for supporting or encasing something, a skeletal help utilized as the premise in something being developed (Risk and Insurance Management Society, 2011). A risk management structure is portrayed as "an authoritative particular arrangement of useful exercises and the related definitions that characterize the risk management framework in an association and furthermore the relationship to the hazard administration hierarchical framework" (Dafikpaku, 2011). Edges characterizes a framework as "1) a structure for supporting the association's key and operational destinations and as 2) a system or gathering of interfacing, interrelated, or related components, for example, thoughts, standards, techniques or systems, that shape a entangled entirety" (Risk and Insurance Management Society, 2011).

Various ERM systems are as of now being utilized. In spite of the fact that they are distinctive in name, industry and district, by the by, they all offer a typical subject: the ID, prioritization and evaluation of dangers with the final goal to help organizations viably deal with their presentation. (Yazid et al., 2011) The absence of a generally acknowledged ERM applied system drove the Committee of Sponsoring Organizations of the Treadway Commission (COSO), broadly known for its Internal Control Integrated Framework (COSO, 1992), to start a push to create normal phrasing and an acknowledged structure for ERM. In September 2004, COSO (2004) issued Enterprise Risk Management Integrated Framework that gives a model of the ERM procedure (M. S. Beasley, et al, 2006) n such manner, a standout amongst the most prominent structures being executed is the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The establishment for the ERM technique was situated in COSO's 1992 Internal Control – Integrated Framework, a production that detailed a uniform method to deal with overseeing inner control framework (Yazid et al.,

2011). An overview discovered that: "COSO's ERM Framework was overwhelmingly the most outstanding of the systems with 36.7% of respondents revealing they were extremely acquainted with the structure and just 7.9% of respondents demonstrating they were not under any condition comfortable with the structure. In their COSO's 2010 Report on ERM (Uwizeye, 2013). (M. Beasley, 2010), discovered when associations searched for direction in ERM execution, they normally picked COSO's ERM system (54.6%) contrasted with different structures. To give organizations a rule in how to actualize ERM, COSO built up a system, the Enterprise Risk Management – Integrated Framework in 2004. This system is an augmentation of the underlying structure of 1994. A definitive objective of ERM is to accomplish an association's goals (COSO), 2004.

2.2.1 Internal Environment

The inside condition incorporates the tone of an association, and sets the reason for how risk is seen and tended to by a substance's kin, including risk management rationality and risk appetite, respectability and moral qualities, and nature in which they work.(COSO, 2004)

2.2.2 Objective Setting

Goals must exist before the administration can distinguish potential occasions influencing their accomplishment. Enterprise chance administration guarantees that the administration has set up a procedure to set goals and that the picked targets assist and line up with the element's central goal and are predictable with its risk appetite.(COSO, 2004)

2.2.3 Event Identification

Inward and outer occasions influencing the accomplishment of an element's goals must be recognized, recognizing risks and openings. Openings are diverted back to the administration's procedure or goal setting processes. (COSO, 2004).

2.2.4 Risk Assessment

Risks are dissected, thinking about probability and effect, as a reason for deciding how they ought to be overseen. Risks are evaluated on an inborn and a leftover premise.

3. PERFORMANCE

The concept of institutional activity is a base and crucial term for business in a wider perspective. It shows the usual denominator of the interest of management scientists. It is a comprehensive phenomenon and a central component of all branches of management science. This interest is due to the search for high performance, as a measure of success, which revolves around the existence of institutional or not (Idris, 2016). (Shaker, 2009) defined the institution as a set of productive and service processes interacting with each other Within departments to facilitate their management and development, and any defect in one of these processes or in their interaction with Other processes Resulting in a defect in the institution products and services to customers. Performance has been defined by the number of researchers in this field, and no accurate and comprehensive concept has been found for each researcher. The performance has been defined as a vivid picture that reflects the outcome and the level of the organization's ability to utilize its resources and meet its objectives through its various activities according to standards that suit the organization and its nature (ALfaouri, 2012) Where the concept of performance is linked to the behavior of the individual and the organization, and occupies a special place within any organization as The final output of all activities, at the individual, organization and state levels (Mabrook, 2014) . The concept of performance is often confused with some concepts that are close to it, and often used some terms to indicate the concept of performance, including efficiency and effectiveness, effectiveness is the outcome of the interaction of the overall performance of the organization, including the technical and administrative activities and the impact of internal and external variables. whereas Efficiency is the ability to obtain as much output as possible through available inputs (Aljilani, 2015).The concept of institutional performance considered as one of the modern managerial concepts that express about the overall performance of the organization and the survival of the organization depend on it (Rawashdeh, 2016). (Al-Tarawneh, 2010)identified institutional performance as positive interactions Within the Organization, resulting in integrated efforts contributed by all administrative levels These efforts seek to achieve the strategic objectives of the Organization While assimilating its internal and external environment, seeking to achieve success In achieving quality, customer service, win time, maintain competitive reputation, Profitability and cost reduction using different performance measures as evidence. (Al-Khawaldeh, Al-Adwan, 2008) defined institutional performance

as creating a supportive regulatory environment that seeks to increase the motivation of employees and improve their attitudes towards work, which is positively reflected on the internal processes and satisfaction of customers and recipients of service and the dimension of learning and growth of employees.

3.1 *Balanced Score Card*

In 1992, he introduced Robert Kaplan & David Norton is called the Balanced Score Card as a substitute for financial measures that were followed, and is done through this method to measure the financial and non-financial indicators within an integrated system for measuring the strategic performance of the organizations (Ali Tarawneh, 2011 ; Atarere, Oroka, 2010) . Were of the seen that the balanced scorecard gives a portrayal of the association's shared vision. The utilization of estimations as a dialect interprets complex and as often as possible shapeless ideas into an increasingly "exact" frame that advances accord among senior officials. The balanced scorecard imparts an all-encompassing model that joins singular endeavors and achievements to specialty unit targets. The BSC is without a doubt the most famous management system in associations today (Wiersma, 2009), its notoriety originates from the conviction that it brings the majority of the key destinations of a business into a solitary and adjusted structure. Kaplan and Norton (1992) characterize the BSC as a fair estimation framework which furnishes top administration of the association with a snappy but then far-reaching perspective of the hierarchical performance (Tanyi, 2011). The BSC is an accumulation of measures, organized in cards. The measures are identified with four noteworthy administrative points of view and have a far-reaching perspective of the business and its management. All in all, balanced scorecard combines business techniques into a complete management framework (Niknazar, 2011).As indicated by Kaplan and Norton (2002) powerful usage of adjusted scorecard requires organization management to give much accentuation into four BSC points of view. These incorporate; the financial point of view, internal business procedures, learning and development viewpoint and client point of view. The balanced scorecard (BSC) gives a model for key performance estimation and administration for superior associations. The Balanced Scorecard is a fundamental significance because it gives supervisors pointers of cause and result markers of their associations. Determining the criteria in the Balanced Scorecard is the essential inspiration for the association's key targets and competitive necessities. Through the four viewpoints, the association can observe the financial outcomes while simultaneously checking the advancement of building limit and procuring intangible resources. It also makes a connection between objectives and execution measures, giving the administration a complete image of the idea of activities for various organizations (Idris, 2009) .For the purposes of the study, the Balanced Scorecard, which includes four main aspects, was adopted as follows

3.1.1 *Financial Perspective*

Financial measures convey the economic consequences for the actions already taken by the organization, and focus on the profitability related measures on which the shareholders verify the profitability of their investment. Therefore, under this perspective managers are required to generate measures that answer the following question: "To succeed financially, how should we appear to our shareholders?" Kaplan and Norton acknowledge the need for traditional financial data. The accurate and timely financial data are necessary for the efficient and smooth direction of the organization. The provision of the right and timely financial data to the right person in the organization helps much in the process of making the right decision in the right moment. Under this perspective the most common performance measures incorporated are: ROI, Cash Flow, Net Operating Income, Revenue Growth, etc. (Sabah .M & Khawla .H, 2012).

3.1.2 *Customer perspective*

This perspective captures the ability of the organization to provide quality goods and services, the effectiveness of their delivery, and overall customer service and satisfaction. This will result from price, quality, availability, selection, functionality, service, partnerships and brand value propositions, which will lead to increased customer acquisition and retention (Kairu, 2013) . this perspective helps managers evaluate the question, How do customers see organizations? Customer satisfaction is a top priority for long-term company success. If customers are not happy, they will not come back. Therefore, customer satisfaction is critical to achieving the company's financial goals outlined in the financial perspective of the balanced scorecard. Customers are typically concerned with four specific product or service attributes: (i) the product's price, (ii) the product's quality, (iii) the service quality at the time of sale, and (iv) the product's delivery time (the shorter the better). Since each of these attributes is critical to making the customer happy, most companies have specific objectives for each of these attributes (Malgwi & Dahiru, 2014).

3.1.3 Internal business process Perspective

Internal business processes perspective is primarily an analysis of the organization's internal processes. Internal business processes are the mechanisms through which organizational performance expectations are achieved. Customer-based measures are important, but they must be translated into measures of what the organization must do internally to meet its customers' expectations. so managers need to prioritize on those critical internal operations that enable (Sabah .M & Khawla .H, 2012)them to satisfy customer needs(K.Cheruiyot, 2013) and, therefore, managers are required to provide measures that answer the following question: "To satisfy our customers and shareholders, what business processes must we excel at?" The central theme of this perspective is the results of the internal business processes, which lead to financial success and satisfied customers. Typically the measures of this perspective are based on producing goods and services in the most efficient and effective methods. Commonly used measures for this perspective are: cost of quality, cost of non-conformance, process innovation, time savings etc.

3.1.4 Learning and Growth Perspective

This dimension identifies the infrastructure that the organization must adopt for creation, improvement and long-term growth. This dimension considers the ability of staff, the quality of information systems and the impact of coordination within the organization in supporting organizational objectives. This dimension focuses on employee satisfaction and retaining and training them (Maraghi, 2012). Under this perspective, managers must identify measures to answer the following question: "To achieve our vision, how will we sustain our ability to change and improve?" Actually, this perspective is related to the employees of the organization, and it measures the extent to which the organization exerts efforts to provide its employees with opportunities to grow and learn in their domain. Kaplan and Norton acknowledge that the learning and growth measures are the most difficult to select; therefore they suggest the following measures as examples employee empowerment, employee motivation, employee capabilities, and information systems capabilities Al-Najjar & Kalaf, 2012) .

4. METHODOLOGY

Research design is a way to systematically solve the research problem (Kothari, 2004). This study adopted descriptive research design for the purpose of accessing the study's general intent. This design involves a set of methods and procedures that describe the intended variables using statistical logic. The researcher also adopted information from primary sources to obtain the required data, by using of field survey of data collection and statistically analyzing data to test the validity of hypotheses, and to answer questions. Also, information from secondary sources was obtained from previous studies, books and published researches in journals and scientific journals and statistics, and websites, in order to build a theoretical framework for the study. The study population is composed of supervisory staff at the level of manager, deputy director, and head of department, numbering 382 in extractive companies in the south of Jordan. These include, Jordan Cement Factories Company, Jordan Phosphate Company, and Arab Potash Company. These companies were selected as they are the oldest and the most important three extractive companies in Jordan.

5. FINDINGS AND ANALYSIS

Over 313 collected questionnaires, 294 useful responses were received from the male (93.9%) and 19 from the female respondents (6.1%). Therefore, the sample of this study is dominated by male respondents. Responders were asked to specify their qualification as a result of which, 86.3% of the respondents held bachelor's degrees, 6.1% held master's degrees, 5.4% held PhD and 2.2% held Diploma. In specifying the work experience of the respondents, 84.7% of them had more than 15 years of work experience, 9.3% of them had 10-15 years of work experience, 4.2% had 5-10 years of work experience and 1.9% had less than 5 years of work experience. Finally, the respondents were asked to specify their job position. As a result, 69.9% of them were head of departments, 23.6% were directors and 6.7% were deputy directors. In the structural model, the direct effects of Internal Environment (IE), Objective Setting (OS), Event Identification (EI), Risk Assessment (RA), as independent variables on Institutional Performance (IP) as dependent variable were examined (i.e., H1, H2, H3, H4.)

Table 4.1 Examining Results of Hypothesized Direct Effects

Path Shape	Path Coefficient	Standard Error	T-value	P-value	Hypothesis Result
IE → IP	0.168***	0.039	4.281	0.000	H1) Supported
OS → IP	0.023	0.026	0.868	0.386	H2) Rejected
EI → IP	0.201***	0.033	6.006	0.000	H3) Supported
RA → IP	0.177***	0.030	5.809	0.000	H4) Supported

H1 proposed that Internal Environment (IE) has a positive effect on Institutional Performance (IP). Result after analysis shows that t-value and p-value of Internal Environment (IE) in predicting the Institutional Performance (IP) were 4.281 and 0.000 respectively. Thus, H1 was supported. The path coefficient was 0.168, indicating a positive relationship. It means, when Internal Environment (IE) goes up by 1 standard deviation, Institutional Performance (IP) will go up by 0.168 standard deviations. This result is supported by prior studies (Ai Ping & Muthuveloo, 2015; Jwana, 2014; Al-Khadash, 2017). In H2, Objective Setting (OS) was found to have a positive but insignificant effect on Institutional Performance (IP); path coefficient = 0.023, t-value = 0.868, p-value= 0.386. Thus, H2 was rejected. This insignificant relationship can be attributed to the fact that the companies may not have established high levels of goals consistent with their mission and vision. Also, management may not have considered the impact of risks related to strategic options, and performance measures were inconsistent to ensure that actual results fall within the level of risk that the company accepts. This result contradicts with the previous findings of some authors (e.g., Liebenberg & Hoyt, 2003; Beasley et al., 2005; Pagach & Warr, 2011) but is consistent with others (e.g., Rao et al., 2007; Alawattagama, 2017). Moving on to H3, it proposed that Event Identification (EI) has a positive effect on Institutional Performance (IP) and the result after analysis showed that the t-value and p-value of Event Identification (EI) in predicting the Institutional Performance (IP) were 6.006 and 0.000 respectively. Thus, H3 was supported. The path coefficient was 0.201, indicating a positive relationship. It means, when Event Identification (EI) goes up by 1 standard deviation, Institutional Performance (IP) will go up by 0.201 standard deviations. This result is supported by past studies (e.g., Teoh, Lee & Muthuveloo, 2017; Karimi, 2014; Tavakoli & Abu Talib, 2014).

Moreover, H4 proposed that Risk Assessment (RA) has a positive effect on Institutional Performance (IP). Result after analysis showed that the t-value and p-value of Risk Assessment (RA) in predicting the Institutional Performance (IP) were 5.809 and 0.000 respectively. Thus, H4 was supported. The path coefficient was 0.177, indicating a positive relationship. It means, when Risk Assessment (RA) goes up by 1 standard deviation, Institutional Performance (IP) will go up by 0.177 standard deviations. This result is supported by prior studies (e.g., Oppong, et al., 2016; Ibrahim, et al., 2017).

6. CONCLUSION

Implementation of ERM is considered at its infancy stage in Jordan. This study concludes the importance and presence of awareness of ERM implementation among Jordanian public shareholding companies. This awareness of ERM can be traced back to 2008 after the financial crises, as few respondent companies have already adopted the system within the organization at the time of this study. Jordanian public shareholding companies and government have realized that the importance of ERM in managing the business risks in a holistic way could help the firm to identify the events at the preliminary stage, to reduce the unnecessary negative surprise and to respond to the changes, internally or externally, which might threaten the firm's performance and create harm to the shareholders' value.

The objective of this study was to empirically verify the implementation some variables of ERM framework, suggested by the COSO's ERM integrated framework, and its impact on institutional performance. This study found that three out of the four components of framework suggested by the COSO's ERM integrated framework has a significant impact on institutional performance. These components are Internal Environment, Event Identification, Risk Assessment, . The fourth component, which is objective setting, was found to have an insignificant impact on institutional performance so companies should pay more attention to the objective setting process and make it consistent with their vision and mission. They should also consider the risks associated with the strategic options that affect the company. Surprisingly, prior empirical evidence revealed that objective setting, of ERM framework, have a positive impact on the performance, but not in the context of Jordanian public shareholding companies. Based on the empirical evidences, this study concludes that the implementation of ERM has a positive impact on the institutional performance of Jordanian public shareholding

companies. The findings of this study are consistent with the theoretical expectations that the adoption of ERM practices has a positive impact on firm performance confirmed by previous relevant studies (Beasley, 2008; Hoyt & Liebenberg, 2011; Pagach & Warr, 2010; Ai Ping & Muthuveloo, 2015; Jwana, 2014).

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