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Enterprise Risk Management Strategies for Organizational Sustainability

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Walden University

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Walden University

College of Management and Technology

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Kaleb M. Wyma

has been found to be complete and satisfactory in all respects,
and that any and all revisions required by
the review committee have been made.

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The Office of the Provost

Walden University
2019

Abstract

Enterprise Risk Management Strategies for Organizational Sustainability

by

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BBA – Accounting, Davenport University, 2016

BBA – Finance, Davenport University, 2016

MBA, Davenport University, 2016

Consulting Capstone Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

October 2019

Abstract

The purpose of this single case study was to explore enterprise risk management strategies that nonprofit business leaders used to maintain and improve organizational sustainability. The study population included 3 executive leaders from a rehabilitation and social services nonprofit agency located in the northeastern United States. The Committee of Sponsoring Organizations integrated enterprise risk management framework was the conceptual lens used in this study. Data were collected through semistructured interviews with the 3 executive leaders of the client organization and review of internal, external, and publicly available documents. Data and information from documents and interviews were manually coded. Findings were validated through data triangulation and member checking to help ensure accuracy, consistency, and credibility. Several overarching themes emerged from data analysis related to managing risk for sustainability: a commitment to culture and the mission, vision and values; operational efficiencies to build a financially strong organization; engagement of executive staff and board members; and addressing staffing needs for ongoing operations to meet client needs. Findings from this study might contribute to positive social change by providing nonprofit leaders with enterprise risk management strategies and processes to maintain and improve organizational performance, thereby helping to ensure leaders' ability to serve and improve their communities.

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Dedication

To my parents, Parker and Diane. For always encouraging me to strive to be the best man I may be. For raising me to have an appreciation for the power of learning. For the time spent encouraging me, mentoring me, and supporting me in every aspect of my life. For your unwavering love. For all these reasons and countless more, I dedicate this doctoral study to you.

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Table of Contents

List of Tables	v
List of Figures	vi
Section 1: Foundation of the Study.....	1
Background of the Problem	1
Problem Statement	1
Purpose Statement.....	2
Nature of the Study	2
Research Question	4
Interview Questions	4
Conceptual Framework.....	4
Operational Definitions.....	5
Assumptions, Limitations, and Delimitations.....	6
Assumptions.....	6
Limitations	6
Delimitations.....	7
Significance of the Study	7
A Review of the Professional and Academic Literature.....	8
Focus and Importance of Enterprise Risk Management	9
Enterprise Risk Management Definition	11
Governance and Culture	12
Strategy and Objective-Setting	17

Performance	21
Review and Revision	25
Information, Communication, and Reporting.....	28
Integration of Enterprise Risk Management.....	31
Challenges to Overcome	31
Benefits of Enterprise Risk Management	32
Sustainability.....	33
Other Related Theories	33
Transition	36
Section 2: The Project.....	37
Purpose Statement.....	37
Role of the Researcher	37
Participants.....	38
Research Method and Design	39
Research Method	39
Research Design.....	40
Population and Sampling	40
Ethical Research.....	41
Data Collection Instruments	43
Data Collection Technique	43
Data Organization Techniques.....	44
Data Analysis	45

Reliability and Validity.....	46
Reliability.....	46
Validity	47
Transition and Summary.....	47
Section 3: Organizational Profile.....	49
Key Factors Worksheet.....	49
Organizational Description	49
Organizational Situation	61
Leadership Triad: Leadership, Strategy, and Customers	64
Leadership.....	64
Strategy	70
Customers	73
Results Triad: Workforce, Operations, and Results.....	76
Workforce	76
Operations	81
Measurement, Analysis, and Knowledge Management.....	85
Collection, Analysis, and Preparation of Results.....	88
Product and Process Results	88
Customer Results	89
Workforce Results	95
Leadership and Governance Results.....	96
Financial and Market Results.....	97

Key Themes	102
Project Summary.....	105
Contributions and Recommendations	105
References.....	107
Appendix: Interview Protocol.....	125

List of Tables

Table 1. Literature Review Source Content.....	9
Table 2. Annual Number of Clients Served per Year.....	50
Table 3. Strategic Advantages and Challenges.....	64

List of Figures

Figure 1. Service offering	51
Figure 2. Mission, vision, values, and core competencies.....	54
Figure 3. Organizational chart	56
Figure 4. Summary balance sheet, fiscal year end 2017.....	57
Figure 5. Key customer and stakeholder’s requirements.....	59
Figure 6. Key collaborators, partners, and suppliers	61
Figure 7. Number of clients served by location.....	89
Figure 8. Number of job skills training courses/workshops conducted.....	90
Figure 9. Number of clients passing job skill competency assessments.....	91
Figure 10. Average number of job interviews per client versus total new employment ...	92
Figure 11. Preservice satisfaction question results	93
Figure 12. Customer survey question results	94
Figure 13. Pre- and postprogram satisfaction results.....	95
Figure 14. Funding sources.....	97
Figure 15. Number of new grants received.....	98
Figure 16. Funding usages	99
Figure 17. Expense breakdown.....	100
Figure 18. Net assets.....	101
Figure 19. ROI and ROA.....	101

Section 1: Foundation of the Study

In this study, I used the Baldrige excellence framework (2017–2018) as the analysis tool to explore enterprise risk management strategies that nonprofit business leaders use to maintain and improve organizational sustainability. In this section, I present the business problem, overview of the study, and outline the research methodology. I acted as the researcher and scholar consultant for this consulting capstone study.

Background of the Problem

Managing risks effectively is becoming ever more complex and challenging (Abkowitz & Camp, 2017). One way to effectively manage risk in a complex organization is through an enterprise risk management (ERM) program. ERM is an important management topic, with over 80% of business leaders believing it is essential to achieving long-term organizational sustainability (Angeline & Teng, 2016; Dîrvă, 2017). My intent for this study was to explore enterprise risk management strategies that nonprofit business leaders use to maintain and improve organizational sustainability. By understanding how to develop strategies that effectively manage risk, nonprofit business leaders could maintain and improve the organizational sustainability of their organizations.

Problem Statement

Inadequate enterprise risk management strategies contribute to organizational crises (Soltanizadeh, Rasid, Golshan, & Ismail, 2016). Only 25% of leaders of large organizations use enterprise risk management processes (Fraser & Simkins, 2016). The

general business problem is that leaders who lack strategies for enterprise risk management can adversely impact organizational sustainability. The specific business problem is that some nonprofit business leaders lack effective enterprise risk management strategies to maintain and improve organizational sustainability.

Purpose Statement

The purpose of this qualitative single case study was to explore enterprise risk management strategies that nonprofit business leaders use to maintain and improve organizational sustainability. The target population was three executive leaders of a rehabilitation and social service organization located in the northeastern region of the United States who have implemented successful strategies to maintain and improve organizational sustainability. The implications for positive social change include the potential to contribute to nonprofit leaders' models of effective enterprise risk management strategies and processes to maintain and improve organizational performance, thereby helping to ensure leaders' ability to serve and improve their communities.

Nature of the Study

Researchers use the qualitative method to deepen understanding as compared to predicting outcomes (Yap & Webber, 2015). A qualitative methodology was suitable for this research study because I intended to explore the experiences of nonprofit business leaders who have implemented successful enterprise risk management strategies to deepen understanding on how to maintain and improve organizational sustainability. Researchers use quantitative methodologies to describe a topic statistically, generalize,

make causal inferences, or test a theory (Guetterman, Fetters, & Creswell, 2015). I did not intend to describe a topic statistically, generalize, make causal inferences, or test a theory; therefore, the quantitative methodology was not appropriate for this study.

Researchers use the mixed method to combine both qualitative and quantitative attributes (Yin, 2018); because I did not intend to incorporate any quantitative attributes, the mixed method was not appropriate for this study.

Qualitative research designs include case study, phenomenology, grounded theory, ethnography, and narrative (Saunders, Lewis, & Thornhill, 2015). Researchers using a case study design intend to inquire into a phenomenon within a real-life setting (Yin, 2018). Because I intended to explore and interpret the lived experiences of nonprofit business leaders who have implemented successful enterprise risk management strategies to maintain and improve organizational sustainability, the case study design was an appropriate research design. Researchers use the phenomenological design to focus on the meanings of individual's lived experiences (Saunders et al., 2015). Because I intended to explore leaders' strategies for the entire organization rather than describe the meanings of participants' lived experiences, the phenomenological approach was not appropriate for this study. Researchers use the ethnography design to study the culture or social work of a group (Saunders et al., 2015). Because I did not seek to understand the cultural patterns and perspectives of a group, the ethnographic approach was not appropriate for this study.

Research Question

The research question was: What enterprise risk management strategies do nonprofit business leaders use to maintain and improve organizational sustainability?

Interview Questions

1. What risk management strategies do you use to maintain and improve organizational sustainability?
2. What are your strategic challenges related to enterprise risk management?
3. How have you addressed the key challenges to implementing enterprise risk management strategies to maintain and improve organizational sustainability?
4. How do you measure the effectiveness of the strategies for enterprise risk management?
5. How, if at all, do you ensure your enterprise risk management strategies align with organizational sustainability goals?
6. What additional information would you like to share regarding strategies for enterprise risk management?

Conceptual Framework

The conceptual framework I used in this study was the Committee of Sponsoring Organizations integrated enterprise risk management framework (2017). The Committee of Sponsoring Organizations of the Treadway Commission (COSO) jointly sponsored and funded by the American Accounting Association, American Institute of Certified Public Accountants, Financial Executives International, Institute of Management Accountants, and the Institute of Internal Auditors, commissioned the COSO integrated

enterprise risk management framework (COSO, 2017). Published in 2004, and updated in 2017, the COSO framework is a process that business leaders may implement to protect their entity and enhance shareholder value (COSO, 2017).

There are five interrelated components of the COSO framework: (a) governance and culture; (b) strategy and objective-setting; (c) performance; (d) review and revision; and (e) information, communication, and reporting (COSO, 2017). Understanding how nonprofit business leaders implement enterprise risk management strategies, as related to each of the five interrelated components of the COSO framework, may assist other organizational leaders in the process of maintaining and improving organizational sustainability. I determined the potential relevance of using the COSO framework as a lens to explore the strategies nonprofit business leaders use to maintain and improve organizational sustainability.

Operational Definitions

Baldrige excellence framework (Baldrige Performance Excellence Framework, 2017): A framework developed to assist business leaders to achieve performance excellence and improved organizational effectiveness (Terouhid & Ries, 2016).

Enterprise risk management: A process designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of business objectives (COSO, 2017).

Organizational sustainability: The ability of business leaders to withstand immediate pressures and achieve long-term business objectives (Moldavanova & Goerdel, 2018; Peterlin, Pearse, & Dimovski, 2015).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are views and ideas taken for granted and believed to be true by the author without verifying proof (Gardner & Johnson, 2015). The first assumption was that the participants in this study would understand and comprehend the interview questions. The second assumption was that the participants would answer all interview questions honestly, accurately, and in an unbiased manner. The final assumption was that the client organization leadership would provide full access to organizational documentation and data necessary to conduct this study.

Limitations

Limitations are constraints that are largely beyond the researcher's control but could affect the study outcome (Marshall & Rossman, 2016). A limitation of this research study was that it includes the experiences from only one nonprofit organization located in northeastern United States and did not include experiences from other nonprofit business leaders in other geographical regions of the United States. A second limitation was a potential for participant bias due to a lack of understanding of the interview questions, misinterpretation of the interview questions, or inaccurate recollection of events within their interview responses. Additionally, the participants of the study only include the executive management leaders of the nonprofit organization and did not account for perceptions or input from nonsupervisory staff within the organization, creating a potential bias.

Delimitations

Delimitations are characteristics that define the boundaries of the study (Marshall & Rossman, 2016). The focus of this single qualitative case study was nonprofit organizational leaders in northeastern United States. The nonprofit organization included multiple sites across the state in which it is located in. The participants of this study included only the executive management leaders of the nonprofit organization, as they are the employees with the most influence upon decisions affecting enterprise risk management. Individuals who had no experience relating to enterprise risk management were not eligible to participate in the study. The nonprofit organization that was the focus of this study can serve as a benchmark for other organization whose leaders struggle with enterprise risk management to maintain and improve organizational sustainability.

Significance of the Study

Nonprofit business leaders face challenges in maintaining and improving organizational sustainability. Therefore, nonprofit business leaders seek to minimize enterprise risk in efforts to maintain and improve organizational sustainability. This study may have significance to business practice in that business leaders may use the findings to develop a better understanding of potential strategies for improving enterprise risk management. Identification of effective enterprise risk management strategies can help aid nonprofit business leaders to maintain and improve organizational sustainability. The implications for positive social change include the potential to contribute to nonprofit leaders' models of effective enterprise risk management strategies and processes to

achieve, maintain, and improve organizational sustainability, thereby helping to ensure leaders' ability to serve and improve their communities.

A Review of the Professional and Academic Literature

The purpose of this qualitative single-case study was to explore the enterprise risk management strategies nonprofit leaders use to maintain and improve organizational sustainability. The literature review included the following main topics of (a) focus and importance of ERM; (b) ERM definition; (c) governance and culture; (d) strategy and objective-setting; (e) performance; (f) review and revision; (g) information, communication, and reporting; (h) integration of ERM; (i) challenges to overcome; (j) benefits of ERM; and (k) sustainability. I used the Walden University database and Google Scholar as the primary research sources to locate peer-reviewed articles. The databases used included Business Source Complete, Sage Journals, and ProQuest. I used the following search terms and keywords to find relevant articles: *enterprise risk management, risk management, COSO-ERM, risk committee, board oversight, risk culture, chief risk officer, risk appetite, ERM benefits, risk communication, ISO, internal controls, sig sigma, risk, sustainability, and Baldrige excellence framework.*

The professional and academic review for this study encompasses reviewed peer-reviewed journals, seminal source, and other academic sources. The literature review consists of 77 unique references. Of these, 85% are peer-reviewed, and 100% are within 5 years of the anticipated date of approval by Walden's chief academic officer (Table 1).

Table 1

Literature Review Source Content

Review Sources	Total # of sources	# within 5 years 2015-2019	Percent within 5 years	# Peer reviewed	Percent peer reviewed
Peer reviewed					
Articles	75	75	100%	66	88%
2015	16				
2016	19				
2017	26				
2018	14				
2019	0				
Seminal works/					
Books	2	1	50%	0	0%
Total	77	76	99%	66	86%

Focus and Importance of Enterprise Risk Management

Academics and business professionals have placed an increasing focus on the topic of risk management (Abkowitz & Camp, 2017; Ai, Brockett, & Wang, 2017; Dîrvă, 2017; Lechner & Gatzert, 2018). Managing risk is more difficult than ever (Abkowitz & Camp, 2017). Major economic events, such as the global real estate and financial crash of 2008, as well as major legislative enactments, such as the Sarbanes-Oxley act of 2002, the Dodd-Frank Wall Street Reform, and the Consumer Protection Act, drive regulatory agencies to awareness of the need for effective risk management (Ai et al., 2017; Lawson, Muriel, & Sander, 2017; Mikes & Kaplan, 2015). All of these are factors related

to why enterprise risk management is an important management topic for business leaders.

Historically, business leaders approached risk management from a departmental viewpoint, urging department leaders to assess, analyze and manage risks within their respective areas, thus creating risk silos (Fraser & Simkins, 2016). Risk management experts today argue that this approach leaves gaps and potential major risks unaddressed. Rather, a fully integrated enterprise risk management approach is necessary to properly align risk management initiatives to align with the organization's business objectives (Fong-Woon & Shad, 2017). Business leaders avoid risk silos and are more adept to combat risk with an ERM approach.

Enterprise risk management is one of the most important business management topics within the last decade (Dîrvă, 2017). A wide array of stakeholders, including rating agencies, professional associations, legislative bodies, regulators, stock exchanges, international standards organizations, and consultants urge firms to adopt ERM processes (Bromiley, McShange, Nair, & Rustambekov, 2015). Angeline and Teng (2016) concluded that more than 80% of business leaders and stakeholders believe an effective, holistic risk management system is necessary for organizational sustainability. It is this focus on ERM that led to a more formal risk management framework.

The 2004 ERM framework published by the Committee of Sponsoring Organizations of the Treadway Commission became the primary standard for ERM initiatives (Lawson et al., 2017). This was an expansion of the 1992 publication on internal controls, amended in 1994, and recently updated in 2017 titled *COSO Enterprise*

Risk Management – Integrating with Strategy and Performance (COSO, 2017). The COSO publication serves as the leading standard in ERM and provides guidance as to how business leaders can integrate the standards within their organizations.

Enterprise Risk Management Definition

Enterprise risk management does not have one universally agreed-upon definition (“Taking the risk out of risk management,” 2016). Rather, the definition of enterprise risk management has evolved, with varying academics each incorporating their unique perspectives. Grace, Leverty, Phillips, and Shimpi (2015) defined ERM as an enterprise-level assessment, quantification, financing, and managing of risk. Additionally, Grace et al. (2015) noted that ERM may create value for the enterprise.

Mikes and Kaplan (2015) expanded on this concept, adding that ERM processes challenge existing assumptions, communicate information effectively, address gaps in controls, and complement traditional risk management within an organization. Bogodistov and Wohlgemuth (2017) added the idea that ERM processes minimize the volatility of returns and ensure the organizational sustainability and survival of the firm. Dîrvă (2017) recognized that business leaders may leverage ERM to enhance shareholder value by building better business strategies, relationship management, product pricing, capital management, and risk transfers. Each of these varying elements combine to become a useful ERM definition for business leaders.

A comprehensive definition that aligned with the COSO framework came from Abkowitz and Camp (2017) who identified ERM to be a systematic approach to consider all factors that may threaten the ability of business leaders to achieve business objectives.

The organization must implement appropriate risk management controls that adhere to the risk appetite of the organization (Abkowitz & Camp, 2017). A few key elements exist in this definition.

First, the systematic approach implies there is an overarching structure to the risk management process. The consideration of all factors implies a wide analysis of the entity, considering varying departments, units, and strategies of the entity. The implementation of risk management controls to meet business objectives is the foundation of risk management, and alignment with the risk appetite is essential for a successful ERM program.

Governance and Culture

Governance and culture are the foundation for the rest of the components of ERM; governance sets the tone, reinforces the importance, and establishes oversight responsibilities, whereas decision-making reflects the culture (COSO, 2017). Lundqvist (2015) noted corporate governance determines the decision whether or not to implement ERM. The determination to implement ERM may not have generated at the board of directors' level, but there certainly needs support from the board of directors for an effective system. The overall governance system and culture need to align appropriately with an ERM system, as this is truly the foundation for the rest of the COSO framework.

Board oversight. The board of directors must provide oversight of the business strategy and carry out governance responsibilities to support management in achieving business objectives (COSO, 2017). Support from the board of directors is a critical element to any organization's ERM. As the top governing body of an organization, the

board is responsible for providing strategic guidance, determining the risk appetite, determining the risk management policy of the firm, setting strategy, business and performance objectives (Dîrvă, 2017; Renault, Agumba, & Balogun, 2016). Specifically, as a subset of the board of directors, it is highly recommended, and often customary, to appoint a few board members to a specific board committee to oversee risk management (Anju & Uma, 2017; Chapman, 2018; Mikes & Kaplan, 2015). This risk committee is the governing ERM body for the organization.

This ERM oversight may lay with the audit committee or a separate board risk committee, depending on the composition and size of the board of directors. In either case, this board commitment will play a vital role in the oversight of the risk management process and system (Anju & Uma, 2017). A sense of urgency, clear expectations, recognition for success, and accountability for failure is a crucial element of this board committee (Steinhoff, Price, Comello, & Coccozza, 2016). Additionally, it is worth noting that insufficient risk management experience and knowledge at the board level may become a significant obstacle to ERM as it obstructs comprehensive and open risk discussions (Renault et al., 2016). The tone set forth by the board and the risk or audit committee will establish the foundation for how business leaders emphasize the need for proper risk management.

Established operating structures. Organizational leaders must establish operating structures in pursuit of achieving business objectives (COSO, 2017). The operating structure needs to establish a governance structure to (a) align with strategy and goals, (b) outline roles and responsibilities, (c) set the risk policies, (d) define risk

appetite alongside with the board, (e) use a standard risk language, and (f) define communication strategies to stakeholders (Lewis & Cummings, 2017). Similar to the board risk committee, the management staff themselves should also form a committee to focus on risk (Fraser & Simkins, 2016). The chief executive officer (CEO) and most senior executives need to be part of this committee.

There is extensive literature available on the topic of hiring a chief risk officer (CRO). The CRO is a senior member of the executive staff that is responsible for the entity's ERM (Abkowitz & Camp, 2017; Karanja, 2017; Shin & Park, 2017; Wright, 2018). Anju and Uma (2017) concluded from their study that the presence of a CRO reduces risk. This is because the CRO unifies the risk management process across the entire organization, making it possible to improve efficiencies and remove redundancies.

The need for this position correlates directly with firm size. As the organization grows, it becomes increasingly difficult for the senior staff to maintain knowledge across areas outside their direct realm (Shin & Park, 2017). Additionally, it is important that the board and chief executive officer properly empower this individual to bring value to the firm (Steinhoff et al., 2016). This individual needs to possess sufficient capabilities and resources to support departments across the entire organization, needs to scan for risks at the corporate and strategic level, and, from a reporting structure, may report to the CEO, directly to the board of directors, or the board risk or audit committee.

One area of debate among scholars as it relates to operating structures is whether a centralized or decentralized structure is more effective (Karanja, 2017). From a centralized perspective, assigning one person or group of individuals to manage risk for

the entire firm certainly would remove inefficiencies (Anju & Uma, 2017). However, a decentralized approach may aid in the identification and management of risks. The top-level managers could scan for risks at the corporate and strategic level, whereas the lower level managers would address risks at the tactical level (Barton & MacArthur, 2015). Proper assignment of responsibility and review at all levels is essential in any successful enterprise risk management program.

Defines desired culture. Organizational leaders must define desired behaviors that characterize the entity's desired culture (COSO, 2017). Enterprise risk management will not work in all cultures (Fraser & Simkins, 2016). Effective ERM can only exist in a culture in which individuals are free to challenge the riskiness of the status quo (Barton & MacArthur, 2015). The success of any ERM initiative is directly proportionate to the culture—how willing the individuals are to change, openness, transparency, and teamwork (Fraser & Simkins, 2016). Proper alignment between organizational behaviors and the desired culture is essential.

A risk challenge culture is the development of an open and transparent culture that encourages, requires, and rewards challenging the status quo, while also acknowledging that risk is part of daily business decisions (Agarwal & Ansell, 2016; Barton & MacArthur, 2015). Developing a risk challenge culture is perhaps the single most fundamental tool for effective ERM (Green & Lee, 2015); without a culture embracing risk management, the ERM system in place may present a false impression of effective risk management when in reality it does not exist (Barton & MacArthur, 2015).

Business leaders need to take the necessary steps to develop a risk culture within their organization.

Once developed, business leaders must convey the risk challenge culture to employees across the entire entity. In particular, middle managers are perfectly suited and play a vital role in this stage (Rae, Sands, & Subramaniam, 2017). It is essential to gain participation from this level of the organization, as they often are the bridge between the executive team and the lower level employees. Often time ERM is viewed as a bureaucratic burden that results in additional work with no additional reward (Fraser & Simkins, 2016). Overcoming this hurdle to spread risk awareness, risk understanding, and build a culture in which all employees are engaged, empowered, and focused on risk management is crucial (Fraser & Simkins, 2016; Sax & Torp, 2015). Effective deployment of the risk culture will allow employees to feel empowered to challenge the historical risk culture and drive improvements within the ERM system.

Demonstrates commitment to core values. Individuals within the organization must demonstrate a commitment to the entity's core values (COSO, 2017). Core values are the fundamental belief of the organization and the foundation for the culture. The core values need to address the expectation that management and staff at all levels of the organization are to address risk (Angeline & Teng, 2016). Without driving risk management to the core values, the ERM cultural consideration may override all other considerations, and ERM will be ineffective (Barton & MacArthur, 2015). Business leaders need to incorporate the risk challenge culture into the core values of the firm.

Attracts, develops, and retains capable individuals. Business leaders must be committed to building human capital resources that align with the strategy and business objectives (COSO, 2017). The effectiveness of ERM relies more on the people involved in the process than the built upon framework (Mikes & Kaplan, 2015). The human capital investment for ERM may be significant. Business leaders make this investment through additional headcounts, such as a CRO, employee training, and constant review to ensure daily tasks align with overall strategy and business objectives.

At the top of ERM is the CRO who needs to enthusiastically support and embrace the risk challenge culture as well as empower employees (Barton & MacArthur, 2015; Sax & Torp, 2015). Business leaders need to build a network of capable individuals that can effectively manage the ERM system (Arena, Arnaboldi, & Palermo, 2017), and empower those employees with entrepreneurial judgment to make the necessary decisions and truly own the work they perform (Sax & Torp, 2015). The responsibility, decision making, and accountability of the ERM system fall on this group of people; they are responsible for not only elevating issues to the organization's executive staff when necessary but also the daily monitoring and constant commitment to continually drive ERM throughout the organization (Vila & Buccellato, 2016). This commitment to risk management at various levels of the organization ties directly into the risk culture.

Strategy and Objective-Setting

Business leaders must fully integrate ERM into an entity's strategic plan through the process of setting strategy and business objectives (COSO, 2017). Business leaders develop the organizational strategy, inclusive of employee behavior expectations, firm

mission and values, and the ways to achieve organizational goals. Although it will be challenging to determine whether the strategy aligns with the mission, vision and core values, it is necessary for business leaders to assess. Integration of ERM within the strategy and object-setting ensures the achievement of goals with an acceptable level of risk.

Analyzes business context. Business leaders must consider the potential effects of business context on the overall risk profile (COSO, 2017). When assessing risks, business leaders must first identify areas that there is risk potential (Rose, 2015). Common risk areas include, but are not limited to, (a) operational, (b) financial, (c) human capital, (d) strategic, (e) legal and regulatory, (f) technology (Rose, 2015). The identified business risks significantly impact the strategy selected by business leaders. (Bromiley et al., 2015). Each risk area must be assessed for an ERM system.

Considering the business context from a timeframe approach is very effective (COSO, 2017). Business leaders may consider risks in the context of past business, present business, and future business. Past information provides business leaders with lessons learned about decisions current decisions, analysis of current information to improve the current state and streamline efficiencies, and future endeavors provide the foundation for business leaders to build strategies to reach the outlined goals (COSO, 2017). This timeframe approach may assist business leaders to analyze potential risks, reducing the complications and seemingly overwhelming amount of work when setting up an ERM system.

Defines risk appetite. Business leaders must define an organization's risk appetite in the context of creating, preserving, and realizing value (COSO, 2017). Risk appetite is the amount of risk that an organization is willing to bear in overall or separate risk categories to drive firm value (Agarwal & Ansell, 2016; Angeline & Teng, 2016). Establishing the firm's risk appetite is a function of collaborative efforts between the board of directors and the management team (Liff & Wahlstrom, 2018). This action is a direct element of ERM and reflects the mission and strategy, including organizational objectives, strategic plans, and stakeholder expectations (Steinhoff et al., 2016). Understanding the risk appetite of a firm will aid in developing the ERM processes.

It is also important to note that there is both good and bad risk. Prior knowledge, experience, and background information support the decision making of a good risk (Agarwal & Ansell, 2016). These risks are easy decision points because the necessary information is readily available. Bad risks, however, are ones in which there is not a foundation of experience or information, making the decision process much more difficult (Agarwal & Ansell, 2016). When operating within the risk appetite, the business can help drive business decisions based on priorities and balancing control and cost (Steinhoff et al., 2016). Establishing the appropriate levels and ratio of good and bad risk is part of the risk appetite.

Evaluates alternative strategies. Business leaders must consider and evaluate alternative strategies and the potential impact of such on the risk profile (COSO, 2017). Business leaders consider alternative strategies during the risk assessment process. Results are analyzed, actions and decisions discussed, and potential alternatives and other

solutions presented during the risk assessment (Berner & Flage, 2017; Ogutu, Bennett, & Olawoyin, 2018). During the evaluation process, further improvements and efficiencies are identified and where appropriate implemented within an ERM system.

New in the 2017 COSO ERM framework is the introduction of components and supporting principles for risk thinking and alternative risk methodologies (Steffee, 2016). This addition is a major milestone in the integration of ERM and strategy. One such element in the connection of strategy and ERM is to ensure that the risk level of a certain activity stays within the acceptable risk appetite for the entire duration of the life-cycle (Berner & Flage, 2017). Business leaders often consider the risk at the present timing, without realizing the levels increase with time putting it out of range later.

Additionally, it is crucial that business leaders and employees at all levels challenge the strategy (Walker, 2018). There is an ever-changing business environment due to global competition, dependency on international supply chains, political instability, climate change, and technological innovation (Abkowitz & Camp, 2017). Business leaders need to constantly challenge the strategy, the risks associated with it, and determine if alternative approaches are more effective (Walker, 2018). It is unwise to assume the strategy set yesterday is the best strategy for today.

Formulates business objectives. Business leaders need to consider risk while establishing business objectives at various levels that align and support the strategy (COSO, 2017). By leveraging ERM, business leaders are more aware of risks within the organization which leads to better business objective formulation (Fong-Woon & Shad, 2017). When formulating business objectives, it is important to recall that each

company's risk landscape is different from another; therefore, setting the business objectives is a process that will take multiple iterations before getting it right (Fraser & Simkins, 2016). Over time, the risk consideration will become entwined within the strategy setting process, resulting in a more effective process.

The CRO should be actively involved in the formulation of business objectives. The CRO should partner closely with business leaders in efforts to drive solutions that balance risk, opportunity, cost, and resources (Orenstein, 2015). There are three fundamental elements to present when developing business objectives: (a) what the risk is and how it drives the business, (b) how they drive the industry, and (c) how they drive profitability and firm value (Orenstein, 2015). Business leaders need to leverage the information from these three areas while formulating business objectives.

Performance

The risks that surround an organization may impact the performance of achieving strategy and business objectives; proper identification, assessment, prioritization, risk response, and portfolio view can help to ensure the performance is satisfactory (COSO, 2017). Once the business leaders identify strategies and business objectives, they then have to perform in a manner that meets and exceeds the set goals (Fraser & Simkins, 2016). The expectations set forth by shareholders and stakeholders is that the business leaders will perform to meet the strategies and business objections, which can be challenging.

Identifies risk. Business leaders need to identify the risk that impacts the performance of strategy and business objectives (COSO, 2017). The proper identification

of risks is a challenging task for several reasons. First, risks are possible in every element of business and have no boundary (Oliva, 2016). Business leaders tend to think of risk in the context of their domain; whereas, in reality, a potential risk may be out there that business leaders are not even aware could impact them at all. The ever-changing business environment due to global competition, dependency on international supply chains, political instability, climate change, and technological innovation all drive unique risks, and business leaders may not fully understand how they could impact the organization.

Secondly, a challenge of identifying risks is that human beings are not good at visualizing a world they have not seen (Green & Lee, 2015). This makes thinking of future risks difficult. To this point, Agarwal and Ansell (2016) stated:

There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. These are things we do not know we don't know (p. 430).

For business leaders who are new to ERM, or inside an organization with a new ERM system, risk identification may quickly become an over-burdensome administrative task (Fraser & Simkins, 2016). In cases such as this, it may be more appropriate to develop a list focusing on the top potential risks rather than attempting to draft an all-encompassing list. Risk assessment tools, such as surveys, inspections, and checklists, are effective sources of data to identify risks from (Ogutu et al., 2018). Additionally, business leaders should always just the ERM risk triplet when trying to identify risks

(Abkowitz & Camp, 2017): (a) what can go wrong, (b) how likely is it, and (c) what are the consequence. This is a simple, yet effective approach to identify risks.

Assess severity of risk. Business leaders need to assess the severity of potential risks (COSO, 2017). The most common approach to assess the severity of risk is to perform a risk analysis, in which individuals attempt to quantify risk (Ogutu et al., 2018). However, even with a risk analysis, due to the unknown nature, risks are difficult to quantify (Choi, Ye, Zhao, & Luo, 2016). And, even when business leaders use a risk analysis, they generally tend to under-estimate risk potential, creating a false sense of exposure (Bromiley et al., 2015). Proper severity assessment of risk is essential to an ERM system.

When assessing the severity of risk, another potential approach is to try and rank them against one another. One methodology by the (a) probability of occurring and (b) their impact on the organization if they do occur (Messer, 2017; Stoel, Ballou, & Heitger, 2017). Business leaders may assign a qualitative, high, medium, low, or quantitative, percent or amount, measurement tools to either of these categories (Stoel et al., 2017). The business leaders will need to assess the organizational environment to best decide if a qualitative or quantitative is best suited for their team.

Prioritizes risks. Business leaders should prioritize risks as a basis for selecting responses to risks (COSO, 2017). Bogodistov and Wohlgemuth (2017) noted that prioritization of risk should focus towards valuable, rare, inimitable, and nonsubstitutable (VRIN) elements. The VRIN criteria represent elements which business leaders should consider, since these elements when used by leaders, enable leaders to create the firm

value and therefore are necessary to prioritize and protect (Bogodistov & Wohlgemuth, 2017). This prioritization aids business leaders to respond to risk in an effective manner.

Every firm has an unlimited amount of risk (Bogodistov & Wohlgemuth, 2017). Leveraging the severity of risk, along with the proper alignment of prioritization, should help business leaders to effectively manage the ERM system. In ERM it is possible to holistically evaluate risks across departments and to effectively prioritize (Sax & Torp, 2015); this is not easy to do. However, the benefits of doing so are great.

Implements risk response. Business leaders must identify and select risk responses (COSO, 2017). Setting proper internal controls is an effective method to manage and reduce internal risks (Dickins & Fay, 2017). Business leaders may take either a passive or active risk approach (Mandru, 2016). A passive approach is when the organization deals with risks as they occur, whereas the active approach involves a backup plan and mitigation prepared in advance for when risks do occur, and the realization that it is not a matter of if a risk occurs, but when (Mandru, 2016). An active response to risk is the best option.

An effective risk response by business leaders will help to mitigate risk exposure (Messer, 2016). There are several risk responses options, and business leaders need to select the most appropriate one depending on the particular risk at hand (Mandru, 2016; Messer, 2016): (a) avoid the risk entirely by reengineering process or abandoning the risk activity, (b) transfer the risk to others through insurance, letters of credit, hedging activities, or (c) decrease the risk exposure by implementing a new process. The

assessment and prioritization of risk will aid business leaders in determining the risk response.

Develops portfolio view. Business leaders must develop and evaluate a portfolio view of risk (COSO, 2017). It is crucial that business leaders evaluate risk in a portfolio view to consider how individual risks interrelate with one another (Green & Lee, 2015). By properly evaluating risks from a portfolio view, business leaders will be able to make better-informed strategic decisions (Lin, MacMinn, Tian, & Yu, 2017). A properly developed portfolio view of risk will ensure the ERM program to be effective.

Because each organization's risk environment is different, there is no universal approach to building a portfolio view. This is a limitation in the current literature relating to ERM. However, Abkowitz and Camp (2017) did design and publish a free web-based tool that is sufficiently flexible to conform to the user's needs. The tool runs users through a standard list of common risks, along with industry-specific risks. Leveraging this type of tool may help in the development of a portfolio view, thus reducing risk (Lin et al., 2017). Business leaders may leverage this tool as a starting point for developing their unique risk portfolio view.

Review and Revision

Business leaders' review of ERM management capabilities and practices will lead to an understanding of the increased value derived from ERM (COSO, 2017). With the ever-changing business environment (Abkowitz & Camp, 2016), it is essential that business leaders actively review and revise ERM within the organization. This is a

reiterative process that the CRO or risk manager needs to be responsible for and conducted routinely.

Assesses substantial change. Business leaders should identify and assess changes that substantially change strategy and business objectives (COSO, 2017). In general, employees are resistant to change (Pikos, 2015). If employees are responsible for the ERM system, and they themselves are resistant to change, then it is unlikely the employees updated the ERM system when substantial changes occur within the business setting. As such, it is crucial that business leaders are actively addressing any substantial change to the ERM system and taking proactive steps to keep up to date with changes.

Reviews risk and performance. Business leaders should review entity performance results and consider risk (COSO, 2017). Business leaders need to understand the maturity level of their ERM system to set expectations of the value it will drive; as the processes mature, the firm should expect performance and value to grow (Florio & Leoni, 2017). Business leaders may want to consider incorporating performance measurement and innovation as part of the review process to determine performance, as this is the link between risk management, decision making, strategy formation, and operational execution (Ganna, 2018; Orenstein, 2015). Consistent review of the ERM system will ensure it stays current to address all necessary organizational risks.

As it relates to reviewing risk and performance, Callahan and Soileau (2017) noted five ways ERM creates value: (a) improved performance management, (b) improved risk-adjusted decision making, (c) enhanced board oversight, (d) improved

capital efficiencies, and (e) higher quality of strategic planning. With the exception of capital efficiencies, which are calculated using return on assets (ROA) and return on equity (ROE) ratios, ERM performance is rather difficult to quantify (Callahan & Soileau, 2017). Although difficult, incorporating risk measurements within the key performance indicators (KPI) or an organization will aid business leaders in reviewing risks and performance.

Pursues improvement in enterprise risk management. Business leaders need to pursue continuous improvement of ERM (COSO, 2017). Introducing ERM is not a one-time event; rather, business leaders need to continuously consider the risk portfolio, risk policies, management process, roles and responsibilities, supporting systems, and organizational culture in efforts to make improvements to ERM (Shin & Park, 2017). Additionally, business leaders need to realize that ERM theory is broad and all-encompassing, however, in reality there is no one-size-fits-all approach (Choi et al., 2016). As the ERM system matures, business leaders should continually make tweaks and updates to improve the system.

Effective ERM programs leverage the process to build a sustainable capability to address emerging and changing risk exposures (Orenstein, 2015). Researchers are discovering new theories on integrating corporate sustainability performance into ERM, in efforts to create an ERM system focused on building organizational sustainability (Soomro & Fong-Woon, 2017). Furthermore, business leaders should not limit their ERM systems to the current state; as leaders execute on strategy, achieve business objectives and processes mature, the CRO and other industry leaders should continue to push for

improvement to mitigate risk in areas outside the immediate organizational context (Oliva, 2016). Consistent performance review will assist business leaders in identifying areas of improvement for their ERM systems.

Information, Communication, and Reporting

Business leaders embrace the continual, iterative process of obtaining information and sharing it throughout the entity to support enterprise risk management (COSO, 2017). Business leaders need to leverage information systems to gather both internal and external data to report out and communicate messages on risk, culture, and performance (COSO, 2017). Business leaders face an overwhelming amount of data, with challenges in processing speed, organization, and storage (COSO, 2017). In this type of environment, it is crucial for business leaders to leverage this data to communicate and report out on organizational risks, threats, and opportunities (COSO, 2017). Effectively sharing risk information by means of communication and reporting will build a more robust ERM system.

Leverages information and technology. Business leaders need to leverage the entity's information system to support ERM (COSO, 2017). The amount of data worldwide is doubling in volume every year (Raschke & Mann, 2017). With that amount of accessible data, business leaders have a huge opportunity to leverage data to drive forward ERM programs (Raschke & Mann, 2017). However, this vast amount of data often times also become burdensome, as, without a systematic solution on how to manage the data, a lot of manual work is required to document and aggregate the information

(Orenstein, 2015). Effectively managing and leveraging this data will aid business leaders in making improvements to their ERM systems.

Leveraging information technology may benefit the risk analysis of an entity (Burns, 2016). By creating a system of effective controls, aggregation of data, and reporting framework, business leaders can introduce new risk management technologies to drive forward the ERM program and bring about more enterprise risk management influence (Grody & Hughes, 2016a; Grody & Hughes, 2016b; Meidell & Kaarbøe, 2017). Additionally, recent cultural shifts towards more social media is an opportunity for business leaders to increase the effectiveness and efficiency of an organization's operations (Demek, Raschke, Janvrin, & Dilla, 2018). Business leaders may leverage these various facets of information to more effectively manage organizational risk.

Communicates risk information. Business leaders need to use communication channels to support ERM (COSO, 2017). One of the most challenging communication challenges to overcome is the lack of a common risk language, which support discussion around risks, both holistically and departmentally, and management models (Renault et al., 2016). The common risk language needs to include common communication processes and terminology, used in the same manner by all employees to ensure understanding by all (Fraser & Simkins, 2016). A common communication language and process will enable a more effective ERM system.

By establishing common communication channels and understating, employees at all levels of the organization may participate in establishing a risk culture (Fraser & Simkins, 2016). Enterprise risk management is a change management initiative that will

change the way the business is managed (Fraser & Simkins, 2016). Open communication to raise risk awareness and share lessons learned will help to improve this management (Steinhoff et al., 2016). Additionally, it is crucial that key risk management champions within the organization help promote and engage employees at all levels (Fraser & Simkins, 2016). Proper training, preparation, and communication are all elements to ensure these individuals will achieve success at managing risk.

Reports on risk, culture, and performance. Business leaders need to report on risk, culture, and performance at multiple levels and across the entire entity (COSO, 2017). One of the most challenging aspects of enterprise risk management is reporting (Stoel et al., 2017). Due to the vast array of risks, it may be difficult to appropriately determine an effective reporting process (Stoel et al., 2017). Although difficult, reporting is a critical element to ensure the ERM system is effectively helping to reduce risk.

The primary purpose of ERM reporting is to demonstrate that the most important risks of the organization are properly managed (Stoel et al., 2017). Key performance indicators and key risk indicators are metrics that organizational leaders should establish in order to measure the effectiveness of the ERM process (Lewis & Cummings, 2017; Orenstein, 2015). With an effective reporting system, business leaders will be able to provide visibility into business risks, enable the organization to drive focus and allocate resources appropriately, and drive forward the development of the enterprise risk management system to reach organizational goals (Orenstein, 2015). These reports are leveraged by business leaders to alter the ERM system to better suit organizational needs and become a more effective system.

Integration of Enterprise Risk Management

Enterprise risk management integrates both elements of traditional risk management as well as risk governance (Lundqvist & Wilhelmsson, 2018).

Individualization of risks does not take into account the interaction and effect that one risk may have upon another (Ogutu et al., 2017). The traditional individual silo approach to managing risks often results in serious and systematic errors in risk identification and assessment (Ai et al., 2017; Angeline & Teng, 2016; McShane, 2018). Business leaders need to view the integration of ERM into the organization as an essential task.

The integration of ERM into an organization is not an easy task. There is no universally accepted, holistic, structured framework for assessing risks (Abkowitz & Camp, 2017). However, the COSO framework does help to address the three major ERM integration issues that business leaders face: (a) understanding risk, (b) adequate risk reporting, and (c) development of an appropriate risk culture (Agarwal & Ansell, 2016). The principles set forth by the COSO framework provide an integrated process to manage the risks the business leaders must deal with, while simultaneously allowing flexibility for sufficient management judgment (Arena et al., 2017; Lawson et al., 2017). The COSO framework may be utilized by business leaders to ensure integration of their ERM system.

Challenges to Overcome

Implementation of ERM is not without challenges; rather, business leaders face many challenges when trying to implement an ERM program (McNally & Tophoff, 2015). One of the largest challenges to overcome is to get buy-in from the senior

executive staff of the organization. Many times, managers view ERM initiatives as a compliance exercise rather than a long-term sustainable change initiative (Zou, Isa, & Rahman, 2017). The underlying framework for ERM applies across all industries (Orenstein, 2015); however, it is crucial to tailor the ERM program to meet the specific needs of the entity.

Additionally, gathering the required organizational resources is a major challenge to overcome (Gatzert & Martic, 2015). The right resources are necessary to implement a long-term ERM program. Fraser and Simkins (2016) identify the top 8 internal challenges the ERM implementation team must overcome: (a) corporate culture; (b) board of director's knowledge; (c) not applying a *keep it simple, stupid* (KISS) mindset; (d) training without having risk workshops; (e) identifying too many risks; (f) not recognizing ERM as a change management initiative.

Benefits of Enterprise Risk Management

As with any good business decision, the benefits must justify the resources invested. The benefits of ERM implementation are vast (Maruhun, Atan, Yusuf, & Said, 2018). Khan, Hussain, and Mehmood (2016) noted firms motivated to adopt ERM realized growth opportunities and lower probability of financial distress. Berry-Stölzle and Xu (2018) presented empirical evidence connecting ERM with improvement in firm value; specifically finding a lower cost of capital and higher profitability.

Soltanizadeh et al. (2016) and Songling, Ishtiaq, and Anwar (2018) noted several benefits of effective ERM implementation: (a) lower cost of capital; (b) lower earnings volatility, resulting in improved shareholder value; (c) reduced stock volatility, resulting

in improved shareholder value; (d) competitive advantage to be exploited; (e) enhanced decision-making ability; and (f) improved confidence for investors and stakeholders.

Sustainability

Organizational Sustainability is the ability for business leaders to withstand immediate pressures and achieve long-term business objectives (Moldavanova & Goerdel, 2018; Peterlin et al., 2015). The World Commission on Environmental Development noted sustainability as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Soomro & Lai, 2017). The goal of the business leaders is to set and achieve strategic goals while avoiding too many surprises (McNally & Tophoff, 2015). Enterprise risk management is a process that business leaders may use to mitigate risks in efforts to achieve long-term business objectives and maintain and improve organizational sustainability.

Other Related Theories

The COSO-ERM framework is the primary standard for all things relating to enterprise risk management (COSO, 2017). However, there are other related theories. Although there are no two identical enterprise risk management theories, there are several common similarities among the theories (Crickette et al., 2011): (a) adoption of an enterprise approach, with executive level sponsorship and defined accountabilities; (b) structured process steps, oversight and reporting of the identified risks; (c) understanding and accountability for defining risk appetite and acceptable tolerance boundaries; (d) formal documentation of risks in risk assessment activities; (e) establishment and

communication of risk management process goals and activities; and (f) monitored treatment plans.

ISO 31000:2009. International Standards Organization (ISO) 31000:2009, although not as widely recognized, is another framework relating to enterprise risk management (Choo & Goh, 2015). The ISO 31000:2009 applies specifically to process and quality, specifically within industrial and manufacturing organizations, as opposed to the broad net cast by the COSO-ERM (COSO, 2017; Choo & Goh, 2015). The emphasis of ISO 31000:2009 framework is on risk management as a strategic discipline for making risk-adjusted decisions, rather than a compliance-based function (Crickette et al., 2011). However, ISO 31000:2009 does not include a portfolio view of risk, nor the interconnectedness of the impact risk decisions may have upon other parts of the organization (Crickette et al., 2011). A limitation of the ISO 31000:2009 is the narrow focus on quality, without regard to other aspects of risk.

BS 31100:2008. The British Standard (BS) 31100:2008 framework is a general risk management standard that business leaders may use for a basis of understanding, developing, implementing and maintaining risk management (Carroll, 2015; Crickette et al., 2011). The increasing focus on risk management by regulatory authorities in Britain led to the release of this standard (Rostami, Sommerville, Wong, & Lee, 2015). A particular focal point of BS 31100:2009 is the benefit of using a risk maturity model to improve an organization's risk management capability (Crickette et al., 2011). Although there is no specific limitation to this standard, it is simply a regional standard that does not have widespread recognition when compared to the COSO (2017) framework.

FERMA:2002. The unique aspect of the Federation of European Risk Management Associations (FERMA):2002 standard is lack of clear direction on how to create a process for enterprise risk management; rather, this standard is an overview of the necessary components of an ERM framework (Crickette et al., 2011). Several leading authors, including Farrell and Gallagher (2015) and Agarwal (2016) identify FERMA:2002 as an underlying framework similar to COSO (2017). The FERMA:2002 framework is one of the first major publications for ERM, however, due to the vast expansion in knowledge and lack of update, this framework is outdated (Crickette et al., 2011). The lack of process within this framework limits the feasibility of business leaders leveraging this as a ERM framework.

SOLVENCY II:2012. The Solvency II:2012 regulation is a set of regulation that went into effect for insurance companies in the European Union (Crickette et al., 2011). Specific financial asset, economic capital, governance and risk management, and disclosure and transparency standards are included in this set of regulation (Bølviken & Guillen, 2017; Costin & Dumitru, 2017). However, Solvency II:2012 does have a lack of focus on particular risk areas as well as over-simplification (Doff, 2016). Additionally, with the specific focus on only the insurance industry, the Solvency II:2012 standard does not necessarily apply for other noninsurance firms looking to improve their enterprise risk management practices (Crickette, 2011; Weber, 2018). Specific to the financial sector, this regulation fails to meet other requirements of business leaders.

Other models include the European Foundation for Quality Management (EFQM) excellence model (Suciu, 2017), the COSO ERM cube (Dîrvă, 2017), and six sigma

define, measure, analyze, improve, and control (DMAIC) phases methodology (Choo & Goh, 2015). However, the COSO-ERM is the most widely recognized underlying ERM theory (Razak, Rahman, & Borhan, 2016). These varying regulations and theories each focus on risk, but not as comprehensively as the COSO ERM framework.

Transition

In Section 1, I outlined the background of the business problem, presented the problem and purpose statements, presented the nature of the study, research questions and interview questions. Within Section 1 I also discussed the conceptual framework, defined key operational definitions, and outlined the assumptions, limitations, delimitations, the significance of the study, contribution to business practice, and the implications for social change. I concluded Section 1 with a comprehensive review of the academic literature on the research topic.

Section 2 includes a restatement of the purpose statement, an analysis of the role of the researcher, study participants, and the research method and design. Additionally, I address the population and sampling, ethical research, data collection instruments and techniques, data organization techniques, data analysis, and conclude with information on reliability and validity. Finally, in Section 3, I provide a comprehensive summary of the study findings, business practice applications and identify potential opportunities for future research. The Baldrige Excellence Framework criteria are the framework to analyze the client organization.

Section 2: The Project

Section 2 includes the purpose statement, the role of the researcher, the study participants, research method and design, population and sampling, data collection, research ethics, reliability, and validity. I used semistructured phone interviews as my primary data collection technique. I justify my selection of qualitative research methodology and case study design to explore enterprise risk management strategies that nonprofit business leaders may use to maintain and improve organizational sustainability.

Purpose Statement

The purpose of this qualitative single case study was to explore enterprise risk management strategies that nonprofit business leaders use to maintain and improve organizational sustainability. The target population was three executive leaders of a rehabilitation and social service organization in the northeastern United States who have implemented successful strategies to maintain and improve organizational sustainability. The implications for positive social change include the potential to contribute to nonprofit leaders' models of effective enterprise risk management strategies and processes to maintain and improve organizational performance, thereby helping to ensure leaders' ability to serve and improve their communities.

Role of the Researcher

Researchers are the primary data collection instrument for qualitative studies (Hoeber & Shaw, 2017; Palinkas et al., 2015; Yin, 2018). As such, I served as the primary data collection instrument for this qualitative, single-case study. I did not have

any previous interaction, association, or knowledge of the client organization before this study.

It is essential for researchers to incorporate an ethical framework into research studies (Miracle, 2016). Incorporating the protocols of the Belmont Report within my research study provided the necessary ethical considerations to ensure the proper ethical principles, fairness, equality, and guidelines (Bromley, Mikesell, Jones, & Khodyakov, 2015). Additionally, a requirement of Walden University is to obtain and adhere to the Institutional Review Board (IRB) requirements and gain preapproval before conducting any interviews with subjects. As part of the Doctorate of Business Administration (DBA) Consulting program, I was able to obtain IRB preapproval for the proposed interview questions and client organization.

A challenging element to manage during any research study is to approach the material with a critical lens rather than a personal one to reduce bias. Throughout the entirety of this study, I kept an open mind, with a willingness for understanding in efforts to remove my personal view on the subject and gain an understanding of the gathered material. An interview protocol is one method to remove personal bias during the interview process and also to obtain sufficient details from the study participants (Benia, Hauck-Filho, Dillenburg, & Stein, 2015; Chamberlain, 2016).

Participants

Walden University staff and faculty approved the client organization to be part of the DBA Consulting Capstone program. The client organization underwent an approval process that included being vetted against the specific Walden University process, as well

as meeting specific IRB requirements. I identified three senior leaders from the client organization to be participants for this study. The rationale for three selected members was for data triangulation, which Kern (2018) noted increases validity. I established a working relationship with the participants throughout many weeks of interaction, following the DBA Consulting Capstone program requirements.

All three study participants (a) were over the age of 18, (b) have served as an executive staff leader for the client organization in excess of 18 years, (c) were closely involved in the client risk management planning and mitigation process, and (d) were in positions that supported answering the doctoral study interview questions. The study participants received an electronic informed consent form, signed and returned before any data-gathering interviews.

Research Method and Design

Research Method

I used a qualitative method for this study. Researchers use a qualitative method to deepen understanding as opposed to predicting outcomes (Yap & Webber, 2015). A qualitative methodology was suitable for this research study because I intended to explore the experiences of nonprofit business leaders who have implemented successful enterprise risk management strategies to deepen understanding on how to maintain and improve organizational sustainability. Researchers use quantitative methodologies to describe a topic statistically, generalize, make causal inferences, or test a theory (Guetterman et al., 2015). I did not intend to describe a topic statistically, make generalizations, make causal inferences, or test a theory; therefore, the quantitative

methodology was not appropriate for this study. Researchers use the mixed method to combine both qualitative and quantitative attributes (Yin, 2018); because I did not intend to incorporate any quantitative attributes, the mixed method was not appropriate for this study.

Research Design

Qualitative research designs include case study, phenomenology, grounded theory, ethnography, and narrative (Saunders et al., 2015). I used a single-case study design for this study. Researchers using a case study design intend to inquire into a phenomenon within a real-life setting (Yin, 2018). Because I intended to explore and interpret the lived experiences of nonprofit business leaders who have implemented successful enterprise risk management strategies to maintain and improve organizational sustainability, the case study design was an appropriate research design. Researchers use the phenomenological design to focus on the meanings of individual's lived experiences (Saunders et al., 2015). Because I intended to explore leaders' strategies for the entire organization rather than describe the meanings of participants' lived experiences, the phenomenological approach was not appropriate for this study. Researchers use the ethnography design to study the culture or social work of a group (Saunders et al., 2015). Because I did not seek to understand the cultural patterns and perspectives of a group, the ethnographic approach was not appropriate for this study.

Population and Sampling

I interviewed three executive staff leaders of the client organization who know enterprise risk management strategies to maintain and improve organizational

sustainability as the population of this study. Purposeful sampling is a widely-used technique to identify and select the most information-rich participants when constraints of time, resources, and access to information are present (Benoot, Hannes, & Bilsen, 2016; Palinkas et al., 2015). As such, I used purposeful sampling to select three qualified members of the client organization executive staff as participants of this study.

Researchers obtain data saturation when no new themes and information are discovered (Tran, Porcher, Falissard, & Ravaud, 2016). Fusch and Ness (2015) noted that researchers achieve data saturation when there is enough information to replicate the study when further coding is no longer feasible (p. 1408). The number of participants in a study does not define data saturation, it is defined rather by the depth of information obtained during the interview process (Fusch & Ness, 2015). I reached data saturation when collected participant information no longer yielded new themes or information.

Researchers using methodological triangulation can integrate varying data from multiple sources to gain a comprehensive view and understanding (Drouin, Stewart, & Van Gorder, 2015). I used information gathered during the multiple semistructured interview process as well as client organization documentation to conduct methodological triangulation to ensure the credibility of the information. By employing triangulation and incorporating multiple sources of information, researchers add strength to their study design (Yin, 2018).

Ethical Research

I received IRB approval from Walden University before conducting this study. My Walden University IRB number for this study is #10-24-17-0722248. To ensure

ethical research, it is the responsibility of the researcher to ensure the participants understand their rights, responsibilities, and risks associated with participation (Perrault & Keating, 2018). Obtaining informed consent from the participants before conducting the study was one method to ensure understanding of these key elements (Biros, 2018). I presented an informed consent form to the senior leaders before the interview process. Signed consent was required before conducting any interviews.

This study was voluntary. As such, participants may request withdraw from the study at any time for any reason by informing either myself or Walden University. If a participant decides to withdrawal from the study, I would destroy all content collected from that participant up until this point in time. I would document the withdrawal process and notify Walden University faculty, the client organization, and the participant confirmation of the withdrawal and interaction with that individual would immediately cease after that.

There were no incentives, monetary or otherwise, offered for participation in this study, nor would I accept any incentives, monetary or otherwise, for conducting this study. To ensure ethical protection and confidentiality, I assigned pseudonyms to the participants, Participant 1, Participant 2, and Participant 3, as well as a pseudonym to the client organization, Company X. I redacted all identification from collected information to maintain the confidentiality of the client organization and participants. I securely stored all collected study documentation, transcripts, audio recordings, and interview forms for 5 years after study completion to protect the rights of participants.

Data Collection Instruments

For qualitative studies, the researcher is the primary data collection instrument (Hoeber & Shaw, 2017; Palinkas et al., 2015; Yin, 2018). As such, for this single-case qualitative study, I was the primary data collection instrument. Qualitative data collection often includes the use of interviews to gain participant insight on a particular topic (Feuerstein et al., 2018). Specifically, in a semistructured interview, it is possible to collect diverse perceptions from the participants by allowing them to express issues and context meaningful to them (Kallio, Pietilä, Johnson, & Kangasniemi, 2016). For this study, I conducted semistructured interviews with the three selected participants following the interview protocol (Appendix).

For the semistructured interview protocol, I begin with the central research question and moved onto the remaining questions. I transcribed the audio-recorded interview upon completion. Member checking is a technique often used in qualitative research to validate the trustworthiness and credibility of data and results (Birt, Scott, Cavers, Campbell, & Walter, 2016; Smith & McGannon, 2017). To enhance the reliability and validity of the data collection process, I engaged the participants in member checking of the transcribed interviews.

Data Collection Technique

The primary data collection technique for this study was the use of three semistructured interviews with business leaders of the client organization. Nowak and Haynes (2018) noted semistructured interviews as a technique to ensure in-depth information from each participant. The semistructured interview is a useful method for

obtaining full and accurate data on the subject in qualitative research (Akbel, 2018). Researchers conduct a semistructured interview using predetermined questions and follow-up questions to obtain sufficient information on a particular topic (Kopp, Crump, & Weis, 2017). I used the semistructured interview technique as my data collection technique to obtain the necessary information, leveraging predetermined questions and follow-up questions. In addition, my client organization leaders provided me with company documents to review. These documents included financial statements, tax records, annual board presentations, annual company reports, GuideStar publications, and additional corporate documents.

Each interviewee reviewed and signed a consent form before participating in the interview. This consent form identified the need to record the interview for transcription purposes. During the interview, I followed the interview protocol (Appendix) and took detailed notes. After each interview, I transcribed the interview, cross referenced my notes, and sent to the participant so they could confirm, augment, add to, or correct my notes. Member checking verifies accuracy, completeness, and consistency of the gathered information (Birt et al., 2016; Marshall & Rossman, 2016).

Data Organization Techniques

Researchers face rapidly evolving expectations about how they should organize and manage research data (Borghini, Abrams, Lowenberg, Simms, & Chodacki, 2018). For this study, I coded and recorded data from each participant interview. Perrier and Barnes (2018) identified interview transcription and coding as effective data organization techniques. Gabriel (2015) expressed the power of reflexivity—the ability of a researcher

to question their assumptions, biases, and interest in the research. For each participant interview, I employed both transcription and reflexivity. I transcribed each participant interview, coded themes into a software application designed to manage quantitative data and reviewed for common themes. I kept a reflective journal to question my own biases, assumptions, and interest. I will keep all documents relating to this study on a password-protected external hard drive and permanently delete after 5 years.

Data Analysis

I used methodological triangulation to gather raw data from multiple sources in order to study enterprise risk management strategies business leaders use to maintain and improve organizational sustainability. Researchers use triangulation to decrease biases, increase the validity and strength of the study, and to provide multiple perspectives on a topic (Joslin & Muller, 2016). Abdalla, Oliveria, Azevedo, and Gonzalez (2018) noted that methodological triangulation involves the combined methods of interviews and observations to understand a given reality while avoiding biases. Methodological triangulation is also an effective method to cross verify the gathered information from more than one data source (Hober, Weitlaner, & Pergler, 2016). I incorporated all data collected, including participant interviews, client documents, and collected written and verbal information.

I employed an open coding methodology to identify common themes. Coding data helps researchers to find patterns and label common themes (Salmona & Kaczynski, 2016). Open coding is a method of coding in which the researcher analyzes data and assigns categories and abstraction without a predefined coding scheme (Moser &

Korstjens, 2017). The open coding technique was appropriate because it allows the researcher to identify missing information and then go back data collection until the findings provide an appropriate level of breadth and depth (Moser & Korstjens, 2017). Data coding is an iterative process that requires the researcher to immerse themselves in the data to ensure the identification of all relevant themes (Mayer, 2015).

The data collection process followed the 2017–2018 Baldrige excellence framework that Walden University scholar-consultants use to evaluate their client organizations. I open coded the collected data into a software application designed to manage quantitative data, and compared against the COSO Enterprise Risk Management Framework (2017). I conducted multiple iterations to ensure identification of all themes. If I identified any missing information, I returned to the client organization for further data collection. Through this process, I expected to uncover and explore enterprise risk management strategies that nonprofit business leaders use to maintain and improve organizational sustainability.

Reliability and Validity

Reliability

Reliability refers to the stability and consistency of the research data (Spiers, Morese, Olsen, Mayan, & Barrett, 2018). To establish reliability, researchers use thought-out, repeatable, and scalable practices to ensure others may achieve consistent, repeatable results (Noble & Smith, 2015). To ensure reliability in my study, I used an interview protocol for each participant interview. Yin (2018) recommended qualitative interview protocols to ensure the trustworthiness of data and research findings. To ensure

consistency and dependability within my study, I used methodological triangulation, transcription, and member checking of all gathered data.

Validity

Validity refers to the credibility, transferability, and confirmability of the collected data and information (Heale & Twycross, 2015; Yin, 2018). Researchers may increase validity by using multiple sources of data, ensuring the confirmation of data accuracy, and achieving data saturation (Saunders et al., 2015). Failing to reach data saturation negatively affects overall research quality of the study (Fusch & Ness, 2015). I enhanced the credibility and confirmability of my study by leveraging member checking of my interview transcription. By following an interview protocol, I established transferability in that other researchers may follow the same steps in other settings. I ensured data saturation via the participant interview; pursuing answers to the predetermined questions and follow up questions with the participants until they presented no new information or themes. Reaching data saturation ensures the validity of study findings (Turner, Cardinal & Burton, 2017).

Transition and Summary

In Section 2, I outlined the overall proposal for my doctoral study, and restated the study purpose, described the role of the researcher, and identified the participant pool. I provided information regarding data collection instruments, data collection techniques, data analysis, and reliability and validity. In Section 3 I use the Baldrige excellence framework as the analysis tool to cover specific details from my client organization. I

conclude Section 3 with overall findings, contributions, and recommendations for future research.

Section 3: Organizational Profile

In the early 1920s, six women in northeastern United States saw the unaddressed needs of visually impaired and blind individuals within their home state. The women rented a cottage in order to provide a place for the blind people to get services and meet one another. The efforts quickly grew and in 1926 the women officially incorporated Company X (pseudonym). Today, Company X is an award-winning rehabilitation and social services agency serving blind and visually impaired people of all ages in the northeastern United States. Organizational leaders, staff, and volunteer devote time and resources to empower blind and visually impaired individuals to embrace and excel in every aspect of life.

Key Factors Worksheet

Organizational Description

Company X is a 501(c)(3) nonprofit rehabilitation and social services agency celebrating over 93 years of service. The programs and services of Company X support individuals with low income in the Northeastern United States area who are blind or visually impaired, including those with multiple disabilities, elders, limited-English speakers, and culturally diverse consumers and their families. All services and programs provided by Company X are available in 10 or more languages, including English, Spanish, Cantonese, Russian, and other languages as needed, and are completely free of charge to their clients. Company X has had continued year over year client growth for 10 consecutive years, represented by Table 2.

Table 2

Annual Number of Clients Served per Year

Year	Number of clients served
2009	5,001
2010	5,215
2011	5,848
2012	5,945
2013	6,065
2014	6,202
2015	6,682
2016	6,800
2017	7,122
2018	7,375

Organizational environment. Review of the organizational environment includes product offerings; mission, vision, and values; workforce profile; assets; and regulatory requirement information.

Product offerings. Company X leaders and staff offer a wide array of services and programs to their clients. Company X leaders operate the organization within a niche market of the nonprofit sector, with the primary focus of helping blind and visually impaired individuals and their families. Two service categories—(a) residential programs, and (b) nonresidential programs—delineate the main difference in services. Additionally, Company X leaders differentiate between multiple locations, defined as (a)

Location 1, (b) Location 2, (c) Location 3, and (d) Other Locations, as well as the various programs and services offered at each location. See Figure 1 for an outline of the service offering of Company X.

Product category 1: Residential programs	Location 1	<p>Program 1: Program activities encourage social interaction and networking between participants, provide opportunities for independence through creative and enjoyable outlets, orientation to new surroundings, physical activities, group experiences, skill development, and support</p>
		<p>Program 2: Program activities are for children with legal blindness and their family, including parents, siblings and other significant caregivers. Program activities allow blind children to participate in rehabilitation training and socialize with other blind children. There are also opportunities for family members to meet and network with families in similar situations.</p>
		<p>Program 3: Program activities are for students who are legally blind or severely visually impaired in their late teens to early twenties. These program activities are for individuals who have completed high school and are unsure about college or vocational training and/or withdrew or failed in college. These program activities focus on job exploration counseling, work-based learning experiences, postsecondary education, workplace readiness training, and self-advocacy.</p>
		<p>Program 4: Program activities provide assistive technology training for blind consumers attending short-term residential programs during the summer, weeklong sessions and selected weekends during the year. Activities also provide hands-on demonstrations and training sessions during residential</p>

		prevocational and work readiness training programs.
		Program 5: Program activities provide free services for unpaid caregivers who are assisting older adults when either the caregiver or the care recipient is blind or visually impaired. Services include support groups and training, supportive counseling, and educational workshops.
	Other Locations	Program 1: Program activities provide legally blind junior and senior high school students the opportunity to refine their academic, social, and independent skills before commencing full time college studies.
		Program 2: Program activities provide legally blind students the opportunity to build skills for independence, college, and employment. The program is specifically for legally blind youth between the ages of 14 and 18.
Product category 2: Nonresidential programs	Location 2	Program 1: Program activities are available for all ages and all stages of visual disability. These activities present opportunities for individuals to discuss an array of topics relating to personal vision loss or vision impairment.
		Program 2: Program activities are available for all ages and all stages of visual disability. These activities present opportunities for individuals to become more active when living with vision loss or vision impairment.
		Program 3: Program activities are available for all ages and all states of visual disability. These activities present opportunities for individuals to create a variety of creative art.
		Program 4: Program activities are available for all ages and all states of visual disability. These activities present opportunities for visually disabled individuals to learn how to leverage technology despite their disability.

	Location 3	<p>Program 1: Program activities are for clients and their families to learn the techniques to live with vision loss and remain active at school, home, work, and in the community.</p>
		<p>Program 2: Program activities help prepare visually disabled and blind clients to enter or reenter the workforce.</p>
		<p>Program 3: Program activities provide free services for unpaid caregivers who are assisting older adults when either the caregiver or the care recipient is blind or visually impaired. Services include support groups and training, supportive counseling, and educational workshops.</p>
		<p>Program 4: Program activities relate to a unique, comprehensive information and referral service for people who are blind or visually impaired, their family members, caregivers, and professionals in the field of blindness.</p>
		<p>Program 5: Program activities provide assistive technology training for blind consumers attending short-term residential programs during the summer, weeklong sessions and selected weekends during the year. Activities also provide hands-on demonstrations and training sessions during residential prevocational, and work readiness training programs.</p>

Figure 1. Service offering

Mission, vision, and values. See Figure 2 for the mission, vision, values, and core competencies of Company X.

Mission Statement

Company X is a nonprofit rehabilitation and social service organization whose purpose is to develop and implement programs to:

- Assist people of all ages who are blind or visually impaired to lead independent and active lives in their homes and communities.
 - Educate the public to understand the capabilities and needs of people who are blind or visually impaired so that they can be integrated into all aspects of community life.
-

Vision Statement

Our vision is for everyone to see what is possible.

Values

- We are committed to ethical, honest, transparent, and cost-effective operations.
 - We value the staff and their commitment to quality, efficient service delivery to enable our clients to achieve their personalized goals.
 - We value a workplace environment accessible to all that is free from any type of harassment, disrespect, or discrimination
 - We are committed to increasing the number of visually disabled persons in the general workforce, including our own hiring of those individuals at all levels.
 - We are committed to working with the entire family and unpaid caregivers of persons of all ages. Visual disability is a family affair!
 - We are committed to offering all service free of charge and targeting services for persons of all ages in greatest economic and social need.
 - Since our founding, we remain committed to diversity, from serving a diverse population to a diverse staff and Board.
-

Core competency

- Individualized rehabilitation training at home or in the community
 - Social services
 - Employment training and job development
 - Group and community education and activities
-

Figure 2. Mission, vision, values, and core competencies

Workforce profile. The workforce of Company X comprises of 98 paid employees, of which 65 are full time and 33 are part time. Company X business leaders emphasize the hiring and employment of blind or visually impaired individuals, as part of

their alignment to the organization's cause. As such, 33% of their staff is blind or visually impaired. The staff retention of Company X is longer than industry standard with 32% of the workforce employed more than 10 years, 17% employed between 6 and 10 years, and 51% employed at the company 0 to 5 years. There is less than 10% turnover each year, less than half of the nonprofit average for the geographical average of Company X. Thirty-one percent of the workforce is male and the other 69% is female.

The educational requirements for Company X staff are all met. All staff members that have the ability to have certification or licensing in their respective fields are, or have already applied/completed the prerequisites. This exceeded the minimum requirements for the industry and their competition. Additionally, 44% of staff have graduate degrees, 38% undergraduate degrees, 3% associate degrees, and 15% a high school diploma. See Figure 3 for the organizational chart for Company X.

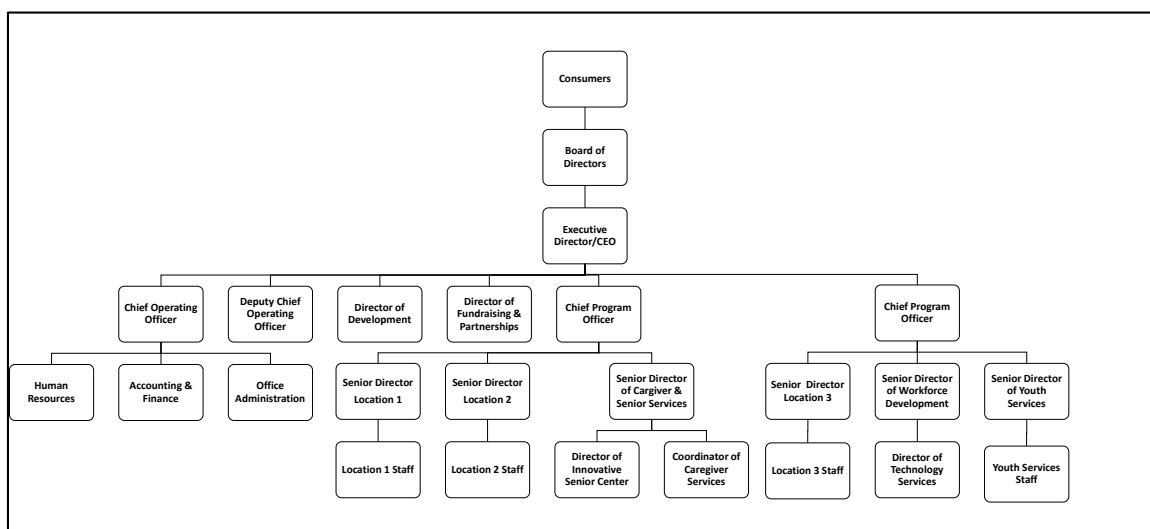


Figure 3. Organizational chart

Assets. The leadership of Company X closely watches the balance sheet of the organization. Over its 93 plus years of existence, the organization has built a strong balance sheet to support the ongoing operations of the entity. Figure 4 is a summary balance sheet for Company X for fiscal year end 2017. Of the 3 main locations, the organization owns 2 of the properties, and occupies the third location rent-free, per an agreement with the property owner.

The majority holdings of the company are composed of investments, as shown on the *investments – unrestricted, beneficial interest in perpetual trusts, and long-term investments – permanently restricted* in Figure 4. These investment holdings are composed of (a) equity securities, at 64.7%; (b) cash and cash equivalents, at 10.3%; (c) mutual funds, at 7.8%; (d) exchange traded funds, at 6.5%; (e) beneficial interest in perpetual trusts, at 4.3%; (f) U.S. Treasury and government agency obligations, at 3.6%; (g) corporate obligations, at 2.7%; and (h) mortgage-backed securities, at 0.1%.

<i>Assets</i>	YE 2018
Cash	\$ 624,000
Investments - unrestricted	7,483,000
Interest and dividends receivable	47,000
Government grants receivable	1,900,000
Contributions receivable, net	109,000
Prepaid expenses and other assets	181,000
Net Fixed Assets	9,368,000
Beneficial interest in perpetual trusts	3,770,000
Long-term investments - permanently restricted	80,830,000
Total Assets	\$ 104,312,000
<i>Liabilities and Net Assets</i>	
<i>Liabilities</i>	
Accounts payable and accrued expenses	456,000
Advances	290,000
Total Liabilities	746,000
<i>Net Assets</i>	
Unrestricted	18,547,000
Temporarily restricted	419,000
Permanently restricted	84,600,000
Total Liabilities and Net Assets	\$ 104,312,000

Figure 4. Summary balance sheet, fiscal year end 2017

Regulatory requirements. Company X is a registered tax-exempt nonprofit organization under section 501(c)(3) of the Internal Revenue Code. Company X's Board of Directors, business leaders, and staff adhere to rules and regulations required by the IRS. As a 501(c)(3) organization, Company X is required to annually file an IRS Form 990 financial report. Business leaders of Company X abide by the organization's written policies, including bylaws and guiding principles.

Several aspects of Company X are subject to an annual audit. An independent certified public accounting firm conducts an annual audit of the financial statements to

ensure accuracy. Additionally, the state commission for the blind and the city department for the aging in which Company X is located provide funding each year to help support operations. As such, Company X is subject to government oversight and audits annually to ensure the organization adheres to rules and regulations surrounding the funding.

Organizational relationships. Review of organizational relationships includes information regarding organizational structure, customers and stakeholders, and suppliers and partners.

Organizational structure. Company X is a 501(c)(3) tax-exempt nonprofit organization. Company X is unique in that the Board of Directors (BOD) and business leaders recognize that the consumer is the top of the organization, as shown in Figure 3. The consumer wants and needs ultimately drive business decisions for this rehabilitation and social services agency, and without the consumer, Company X would cease to exist. Reporting to the consumer is the 23-member BOD, which is composed of individuals with varying arrays of professional specialties to meet the needs of the organization.

The executive director/chief executive officer is the top employee for Company X, with several executive staff positions that report directly to this position. It is worth noting that although there is a formal hierarchical organizational structure as shown in Figure 3, the culture created and emphasized by the CEO and executive staff is that of an *open-door policy*; Employees from any level of the organization have the ability and right to speak directly to the executive staff and CEO; additionally, the CEO purposely does not have a secretary screening calls so that consumers may directly provide feedback to the top employee – further emphasizing the importance of a consumer-driven culture.

Customers and stakeholders. Company X's key customers are blind and visually impaired individuals that are within the same geographical proximity of Company X's operating locations, and their family members and/or support system members. Company X has a broad list of key stakeholders. Figure 5 show key customer and stake holder requirements.

Key customers	Key requirements	Alignment
Visually impaired and/or blind customers	Individualize rehabilitation training at home or in the community	Consideration for key customer requirements, derived from customer surveys, is part of the strategic planning process and included in annual strategic plans.
	Social Services	
	Employment training and job development	
Customers family members	Group and community education activities	
Customers support system members	Ability to fully support rehabilitation, training, and development of customers	
Key stakeholders	Key requirements	Alignment
Board of Directors	Adherence to mission, vision, and values	Consideration for key stakeholder requirements is part of the strategic planning process (SSR) and included in annual strategic plans.
	Fiduciary oversight	
	Legal oversight	
	Risk management oversight	
	Lend professional expertise	
Workforce	Public relations	
	Policy to reimburse staff for credentials / certifications / licensing	

	Nurturing, supportive, and safe working environment
	Advocate for customers
	Commitment to mission, vision, and values
Community	Group education, activities, and awareness
	Commitment to mission, vision, and values
	Transparency
Partners and donors	Commitment of mission, vision, and values
	Commitment to fiduciary responsibility and effective operations
Government agencies	Provide tax exemptions, tax deductions, and grants and funding

Figure 5. Key customer and stakeholder's requirements

Suppliers and partners. Figure 6 outlines key collaborators, partners, and suppliers for Company X and their influence on organizational systems innovations and competitiveness.

Suppliers, partners, and collaborators	Influence on organizational systems	Influence on innovation and competitiveness
<i>Suppliers</i>		
Quill	Sells discounted supplies	Allows for efficient, cost efficient operations
Lenz	Provides catered meals	
Malibu	Provides approved breakfast	Allows for focus on core operations without distraction
Maxi Aids ILA	Provides adaptive devices	Client-focused, innovative technology to achieve goals
<i>Partners</i>		
Foundations Donors	Funding for innovative short-term projects	Strong funding sources, allows for ongoing operations and growth
Corporate sponsors	Sponsorship for events and programs	
<i>Collaborators</i>		
Other rehabilitation and social service organizations	Member of coalitions with Company X Joint programming under foundation grants	Cross-collaborative joint operations to expand client network

Figure 6. Key collaborators, partners, and suppliers

Organizational Situation

Competitive environment. Review of the organizational situation includes competitive position, competitive change, and comparative data information.

Competitive position. Company X is the third largest nonprofit social services and rehabilitation organization within their geographical market. The largest competitor receives \$500+ million annually in funding, mostly from Medicaid. The next largest is roughly \$25 million annually in funding, primarily derived from developmental

disabilities and commission for the blind funding and a federally funded national center. Company X has a \$10 million budget annually, with no medical billings at all, per a Board decision. The last noteworthy competitor is \$1 million annually. Each competitor possesses a specialty niche market within the social service and rehabilitation market, yet there is overlap.

Competitiveness changes. There are three major identifiable competitive changes on the horizon for Company X. First, the Medicaid environment is so challenging that leaders of the largest competitor of Company X have eliminated programs funded by Medicaid or programs with a net loss. Leaders of Company X competition have also significantly downsized staff. This, as a result, would create an increased competitive environment in the program sectors of Company X, as these competitors begin to shift focus and crowd the non-Medicaid sectors.

Secondly, there is a population growth of blind and visually impaired people for the age groups birth-to-3 and 60+. However, the funding sources do not align with these age bands, thus creating a funding shortage. The overall demographics of blind persons is no longer in alignment with the funding sources. Additionally, the persons with blindness and visual impairment are also at greater risk for multiple disabilities; this is causing a need for Company X staff to retrain to properly serve their client base.

Last, there is a shortage of specialized personnel qualified to work for Company X. With the increase in customer demand, and being in the nonprofit sector, a noticeable candidate shortage exists nationally and locally. Company X is competing against 17 other agencies within their own state for qualified vision rehabilitation and mobility staff.

The outlook for qualified candidates does not appear to resolve this challenge anytime soon since there are very few training programs.

Comparative data. Collecting comparative data for the vision rehabilitation sector is challenging due to the limited data available. The commission for the blind in the state that Company X is located does provide benchmark data for selected programs. Other sources of available data include social services data sets and publications, health service data sets, federal census data and publications, employees, finance review, GuideStar. The business leaders do leverage this data to provide comparison data to determine if the service mix to time spent is appropriate for their customers. Additionally, the staff performs an annual review of internal data sets to ensure year over year performance is appropriate and aligns with the organizational long-term goals and objectives.

Strategic context. There are multiple key strategic advantages and challenges, which Company X leaders are proactively addressing as noted in Table 3.

Table 3

Strategic Advantages and Challenges

Areas	Strategic advantage	Strategic challenge
Programs and Services	Free services	Misalignment between in-demand programs and funding sources
Operations	Low administrative and funding costs (11% vs 37% industry average)	Need to increase utilization of major location investment
Societal Responsibilities	Positioned very well to serve growing needs of geographical cliental	Increasing number of multi-disabled cliental that will require additional programs and services
Workforce	Low historical staff turnover	Difficulty hiring Vision Rehabilitation Therapists and Orientation and Mobility Specialists

Performance improvement system. Company X business leaders follow an annual strategic planning process to address performance. Every 5 years, the executive staff and BOD work together to draft a long-term strategic plan. This 5-year rewrite cycle is to ensure the organizational goals and objectives are current and appropriate. Every year the executive staff, with support from the BOD executive committee, update the annual strategic plan for current operations.

Leadership Triad: Leadership, Strategy, and Customers

Leadership

Senior leadership. Review of how senior leaders lead the organization includes information regarding setting vision and values, commitment to ethical and legal behaviors, workforce and key customer engagement, organizational environment, and

performance focus.

Setting vision and values. Together, the senior leadership and BOD develop the vision and values of Company X. The BOD plays an integral part in monitoring the adherence to the vision and value. The vision and values of Company X are included within the firm's five-year strategic plan and are the baseline for all action items of the strategic planning process. If an action item does not support the overall vision and values of Company X, senior leadership is to reject the action item during the strategic planning process.

Senior leaders actively promote an open environment that aligns with the vision and values. Senior leaders actively and consciously promote review of the vision and values with all employees. As such, a review of the vision and values is always a topic of discussion during the annual all-staff meeting, the quarterly administration meeting, and weekly executive team meetings. The executive cadre encourages staff members to voice concern if ever there arise a question about the vision and values.

Commitment to ethical and legal behaviors. All employees of Company X are to behave and act in ethical and legal manners. The tone for employee expectations is set at the top of the organization by senior leadership with their commitment to honesty, transparency, and adherence to the vision and values of Company X. Senior leadership often will leverage available resources (i.e. regulatory change announcements, professional association meetings) and forward the content to necessary staff members in efforts to keep the staff informed. Additionally, the administrative staff meet quarterly or

more often as needed, which is an opportunity for discussion regarding updated policies or other topics relating to ethical and legal behaviors.

Workforce and key customer engagement. Senior leaders leverage multiple approaches to communicate with and engage the entire workforce and key customers. For the staff, senior leaders hold an all-staff meeting annually to inform organization members on important topics. This also provides an environment for discussion on any staff questions. Additionally, departmental leaders hold regular monthly staff meetings. A member from the executive staff, often the CEO, is present at these departmental meetings. This provides a more intimate setting for communication with staff to ensure they are engaged in the vision and values of the organization.

All executive staff members adhere to an open-door policy to promote an environment of open communication. Staff members are free to discuss any topic of concern with any of the executive staff at any time. This allows for staff members to select which individual they are most comfortable talking with regarding a particular subject. To ensure a seamless resolution, executive staff members communicate with one another regarding any serious topic, as deemed necessary and providing it does not break staff confidentiality on certain topics. This, in return, allows the most appropriate person(s) to address the topic of concern and keeps all members up to date on what is going on within the organization.

Furthermore, the senior leadership promotes open communication across the entire organization. The senior leadership invest significant time with departmental leaders in efforts to stay informed on the activities and major initiatives. This

communication often takes place via a regularly scheduled one-on-one meeting between departmental leaders and senior leadership. The departmental leader and members of senior leadership address any personnel issues immediately, rather than waiting for a performance review. This, in return, provides the staff member the ability to correct the behavior immediately.

In regard to key customers, the BOD along with senior leadership members are actively involved with all significant customers. Senior leaders invite the entire BOD to all important public events, which provides exposure to clients, funders, and the overall general public. Senior leaders are consistently in communication with clients and members of the immediate public. The CEO intentionally does not have an administrative assistant screening calls, thus, *any* member from the public can call speak directly with the top executive regarding any topic.

Organizational environment. Senior leaders are constantly focusing their efforts to create an environment for success now and in the future. The leadership team believes in taking the time and effort to define what success is, both from an organizational standpoint and from an individual staff and customer standpoint. The senior leaders develop the overall agency goals during the annual planning process, while keeping in mind these goals must align with the long-term vision and values of Company X.

Each department must define a true output that defines their success. This must be a measurable goal that, once again, aligns with the vision and values of Company X. These departmental goals must support the agency goals. A benefit of this strategy is that it allows the departmental leaders to *own* their own goals and strive for the impact that it

has. For the executive staff, being part of the administrative department, there are four areas of focus for success now and in the future: (a) keeping the agency in compliance with all regulatory requirements, (b) staff and client safety, (c) transparency with all stakeholders, and (d) maintaining a clean financial and governmental audit.

Performance focus. Senior leaders create a focus on action that will achieve the organization's mission. In order to ensure success of the organization's mission, senior leaders first establish an understanding of what success looks like, and the expectations of staff members. The CEO is constantly defining, redefining, and clarifying the goals for the staff members of the organization.

There is a significant amount of time invested in teaching staff members the difference between working hard and making an impact. While these two items are not necessarily mutually exclusive, frequently staff resources are spent working on a specific task, which may not have the desired impact or outcome. A mindset of impact-focused effort stems throughout the organization, led from the executive staff all the way throughout the entity.

Additionally, almost every staff member is responsible for some aspect of financial impact. Review of this takes place during departmental meetings, where questions on how to save money and how to generate more revenue are topics of discussion. This level of fiscal responsibility stems across the entire organization and is even included as a subsection within the employee handbook. Being that the entity is a nonprofit, senior leaders expect employees to be good stewards of finances in efforts to

make the largest impact in the community, meet strategic organizational goals, while simultaneously maximizing every dollar of funding for the mission.

Governance and societal responsibilities. Review of how senior leaders govern the organization and fulfill their societal responsibilities includes information on organizational governance, performance evaluation, and societal responsibilities.

Organizational governance. Senior leaders promote an environment to ensure responsible governance. The BOD holds ultimate responsibility for corporate governance, with support from the senior leadership team on execution. Staff provide the BOD with frequent reports for strategic governance decisions. The BOD governance decisions are dependent on these reports and information sharing, yet also dependent on a curious BOD that asks questions for understanding and improvement.

The BOD consists of various committees, each responsible for varying areas of the business. Key areas of governance include financial, operational, and legal procedures and adherence to regulations. The members of the BOD understand the organization, are actively involved in governance, and a culture where no question is inappropriate exists. This culture is important, as it sets the tone for preparation by staff members for when challenging questions arise. The CEO encourages this culture, as it drives the staff members to proactively vet out all strategic decisions prior to board involvement and establishes an appropriate level of due diligence.

Performance evaluation. Senior leaders promote an environment in which performance of senior leaders and governance of the board may occur. The BOD president conducts the performance evaluation of the CEO annually. And the CEO

conducts the performance evaluation of the chief operating officer (COO), deputy COO, and other senior leadership annually. Staff members each have clearly defined deliverables and predetermined expectations set forth during the strategic planning process. Progress to the expectation and deliverables are a topic for discussion during regularly scheduled one-on-one meetings.

Societal responsibilities. Senior leaders consider societal well-being and benefits as part of its strategy and daily operations. This also includes actively supporting and strengthening its key community. The CEO actively conducts public out-reach activities to inform the general public of the benefits of Company X, the positive impact on local communities, and to provide information on the disability challenges faced by blind clients and the abilities they bring to work and the community. Additionally, the CEO leverages an online platform to connect with other businesses, supporting and providing feedback and suggestions for general business questions. This is a simple, yet effective method for the senior leadership to promote their organization within the community.

Strategy

Strategy development. Review of how senior leaders develop strategy includes information on strategy development process, innovation, and relevant data.

Strategy development process. Senior leadership, with active support from the BOD, conduct the strategic planning process every 5 years. This process is a complete rewrite of the strategic plan, from beginning to end. A staff committee gathers information to support this planning process and to make specific recommendations on agency direction. A board strategic planning committee is responsible for creating the

five-year strategic plan with senior leadership, and responsible to reflect annually on if the goals are met, and/or if any goals need to be updated.

Specific responsibilities are set forth to the senior leadership team. The CEO is responsible to review opportunities and threats with external stakeholders. Many times, the strategic initiatives within the five-year plan stem directly from external threats that arise. The COO is responsible for managing agency operations and dealing with external stakeholders. The deputy COO is responsible for analysis of all governmental related topics and financial support.

Innovation. Innovative ways to improve the strategic planning process and plan stem from various actions. Often, external threats or opportunities trigger discussions within the management cadre on ways for improvement. The entire management team reviews innovative ways for improvement or expansion during the quarterly administrative meeting. And this same discussion occurs with all staff during the annual all-staff meeting, posing the questions *how can we do better* and *is there something we should be doing that we are not currently doing?*

The open-door policy of senior leadership is an opportunity for all staff members to informally present innovative ideas for improvement. On average, the CEO has at least one employee per week present an innovative idea for improvement. The CEO believes this innovative culture is one of the reasons for the organization's long-term success; the culture drives innovation.

Relevant data. Senior leaders have multiple sources of relevant data for benchmarking. Staff members gather and store a wide range of information on internal

databases for present and future use. Additionally, federal, state, and city published data, along with agency data, is readily available for decision making. The most valuable information is demographic data, which assists key leaders to target customers on a proactive basis and understand changing trends in clientele.

Strategy implementation. Review of how senior leaders implement strategy includes performance measures, balance of needs, and action plan modifications.

Performance measures. Senior leaders manage the business by leveraging key performance indicators. These KPIs vary by department and type of service provided to customers. There is a very broad range of KPIs due to the very broad range of services provided to clients. Fortunately, a large portion of funding is from city and state level agencies, which require reporting before payment. The executive staff purposely align their KPIs directly to the funding source to ensure compliance with these various agencies.

In some cases, management of KPIs can become very demanding. For example, one agency will not release money to Company X until successful completion of client-specific goals. In this case, clients have the option to select up to 50 goals per year, making reporting extremely demanding. Other programs differ based upon program focus.

Balance of needs. Balancing the demands of the business in relation to available resources is always a challenge for leaders of Company X. All necessary team members collectively determine the balance of resources in a holistic approach. Generally, these decisions are more a matter of timing as opposed to discussions on whether to pursue a

new program. Staff will conduct a long investigative process to determine if the program aligns with the agency and departmental vision and values prior to submitting request to senior leadership.

Action plan modification. To ensure the plan is effectively being implemented, departmental leaders track and review progress to plan on a weekly basis. Senior leaders believe in shifting resources to ensure meeting organizational goals. If necessary, the firm will outsource work when demands exceed resources.

The major contract of Company X is set to renew every 5 years. This timing aligns with the strategic planning process and enables senior leaders to adapt to new requirements if necessary. The CEO and BOD review all programs and compare against the strategic plan. Modification or discontinuation of the program occurs if the program does not align well against the strategic plan.

Customers

Voice of the customer. Review of how senior leaders obtain information from customers includes information on customer listening, and determination of customer satisfaction and engagement.

Customer listening. Leaders of Company X obtain customer information from a variety of sources, including but not limited to (a) emails, (b) in person conversations, (c) surveys, (d) focus groups, (e) advisory groups, and (f) attendance at consumer conferences. The information obtained through these channels is used to make improvements in the services offered and provide actionable information that the staff may act upon to better the experience of their clients.

Due to the structure of the programs offered, customer feedback is often very obtainable. For instance, many of the programs offered to clients are of the rehabilitation sort. Company X must send information back to the state to prove it is achieving the goals and to ensure compliance with these state-funded programs. The staff may also leverage this same information to ensure that clients are receiving proper training and meeting expectations.

Determination of customer satisfaction and engagement. Leaders of Company X determine satisfaction and engagement of customers primarily through one of two channels. First, the staff have regularly scheduled one-on-one meetings with clients. During these sessions, staff members ensure satisfaction of clients and that the programs are meeting the expectations and needs of the clients. It is also during these meetings that staff members can address any shortcomings mentioned, or at a minimum, bring these topics back to the other staff members to ensure the issues are resolved in the future.

Secondly, a more formal and extensive advisory committee structure is leveraged to ensure satisfaction and engagement of clients. These advisory committees, attached to each major program area and each county of service, are comprised of volunteers from each location and the clients that participate in that area. The leaders of Company X require a wide array of volunteers to comprise this committee, from clients themselves, to family members, to other individuals in the general public. As such, the advisory committees provide critical information back to the staff and leadership of Company X, which leaders leverage to ensure improvement of customer satisfaction and engagement.

Customer engagement. Review of how senior leaders engage customers by

serving their needs and building relationships includes product offerings and customer support, and customer relationships.

Product offering. The senior leadership team of Company X vests all new potential programs and services prior to implementation. This vetting process consists of determining if the new program or service aligns with the mission, vision, and values of the firm; the potential impact it may have on the resources of the firm; and a financial analysis to understand the monetary impact it would have.

One aspect in which the senior leadership takes particular interest prior to implementation of a new program or service is the sustainability. Staffing needs are especially difficult to meet in the environment for Company X. As such, there is hypersensitivity to bringing on new programs that may fail; the CEO constantly emphasizes the view that layoffs of staff due to a result of a failed program is unacceptable. If a program fails, the staff are shifted to another part of the business, making this part of the analysis especially important prior to implementation of a new program or service. In 93 years, there has never been a lay off.

Customer relationships and support. Relationships with customers is a critical element for the ongoing success of Company X. Being that Company X is a service-based organization, the relationships staff builds with the clients is critical to ensure repeatable clientele. One way that Company X leaders ensures the satisfaction of clients is to track and measure individual success of goals. When entering a new program, staff ask clients specific questions about what they wish to accomplish by the end of the

program and during timed intervals. The staff then track progress against these goals in efforts to make sure the clients are meeting their own set objectives.

When issues do arise with clients, the issues are generally resolved at the departmental level. The departmental managers have the authority and skills to resolve majority of any issues that do arise. On the rare occasion these are not resolved, the senior leadership team intervenes to attempt to resolve the problem.

Results Triad: Workforce, Operations, and Results

Workforce

Workforce environment. Review of how senior leaders build an effective and supportive workforce environment includes workforce capability and capacity needs, new workforce members, changing workforce climate, managing workforce, and workforce safety and support.

Workforce capability and capacity needs. The workforce capability and capacity needs are determined at various levels of the organization. The specific needs of the programs are set by departmental and program leadership. Client demand, current workforce capability and capacity, and expected changes in the workforce environment are the basis for determining these needs. The senior leadership determines the amount of support and administrative staff required to run the other aspects of the organization in support of these programs.

New workforce members. Company X leaders recruit and hire new workforce members through (a) Indeed.com, (b) Idealist.org, and (c) word of mouth / employee referrals. For very specific hires, such as certified vision rehabilitation therapists and

certified orientation and mobility specialists, Company X leaders may use a job board of the national association and paid advertising. Additionally, due to the major shortage of these specialty positions, as long as a two or more year wait to fill some positions, the organization has recently started to engage graduate students with paid internships, with the understanding that the employee will accept a full-time offer once schooling is complete.

Company X leaders emphasize the importance of diversity, in efforts to align their staff with the very diverse client base they serve. As such, the firm seeks to have a very diverse staff and will target candidates that meet this initiative. Due to the language offerings of the programs, there is a high demand for bilingual staff, with over fifty percent of staff members today being bilingual.

Once a new member accepts employment with Company X, there is a standard onboarding process the employee will follow. This onboarding process includes general training including prevention of harassment of any type, specific training to the job, and industry-specific training, if required. Additionally, accessibility is the most important focus for staff members, as many of the staff have a visual disability. This composition of workforce members aligns with the clients the firm serves and provides a competitive edge against competition.

In efforts to keep and retain staff, Company X leaders offer stellar benefits. Benchmarked against the competition, the benefit offerings are in the top one-one hundredth percent in terms of employee cost and coverage. Medical coverage cost is nearly all covered by the organization, with short-term, long-term disability, dental

coverage, family leave, and a 403(b) plan also offered. All full-time employees have 20 vacation days, 13 sick days, 11 holidays, and the office closes early before every major holiday to allow staff members to travel home and be with family. As a result of this benefit package, Company X had nine percent annual turnover in 2018, which is half the average of a non-profit organization in the geographical region and a quarter of the average within the city Company X resides within.

Changing workforce climate. In preparation for ever-changing workforce capability and capacity needs, Company X leaders offer continual training and education for staff members. These opportunities include professional development training, ability to attend professional conferences and speaking events, networking with other members in the community, and many others. Employees also receive constant feedback on performance, rather than only once during an annual review. This tactic allows employees to be better aware of the individual areas of strength and improvement needed and enables reaction quicker. The CEO attributes this quick reaction to part of the low turnover, and extremely low termination rates the organization has. Only in rare cases is a staff member unwilling to modify their behaviors in the workforce and terminated.

Managing workforce. Senior leadership encourages managers within the organization to manage by their own personality. This is also reflected by the executive staff; the CEO *manages by chocolate* – that is to say the CEO has candy in the office and allows people to have a piece whenever they wish, also opening an opportunity for discussion with staff members; the COO abides by the open door policy, and being that they oversee both operations and human resources, nearly eighty percent of all issues

come to this position; the deputy COO naturally has a quick, honest response style that is better suited and preferred by some employees. Overall, the executive management team members each have a unique personality that portray through managing the workforce, and ultimately complement each other.

The leadership team encourages this approach to managing the workforce by all levels of the organization. Each departmental manager manages differently, in a way best suited to their personality. The exception to this is that the executive management resolves staff-to-staff issues, with the COO overseeing all human resource issues, escalating to the CEO on very rare occasions.

Workforce safety and support. To ensure a safe working environment and the safety of all workforce members, the executive staff place a high emphasis on a safe working environment and safe working policies. All executive staff members are trained in Occupational Safety and Health Administration (OSHA) requirements and policies. In over 32 years, there is only one recordable OSHA violation. Additionally, for the higher-risk residential locations, there are CPR-trained staff, nurses and medical-trained staff, an on-call doctor, and a contract with a volunteer ambulance corps organization.

All facilities are subject to regularly scheduled fire and natural disaster response drills. And, due to the nature of the geographical location of Company X, the executive leadership team developed a disaster and crisis plan that outlines what staff members are to do in the event of a major crisis. This plan was instrumental when a major natural crisis occurred within close proximity of Company X and was no longer a drill; all members of staff were able to react accordingly to the plan and were safe as a result.

Workforce engagement. Review of how senior leaders engage the workforce to achieve a high-performance environment includes information regarding workforce culture, workforce performance management system, and workforce development system.

Workforce culture. The CEO and other members of the executive staff consciously stress a culture of open communication, high performance, and a highly engaged workforce. In the non-profit services setting for Company X, these three elements are critical to achieving the mission, vision, and value. Both the open-door policy, as well as allowing managers to manage based upon their personalities foster a culture of open communication. Regular meetings with staff members on an annual and quarterly basis ensure staff members are informed of important topics and issues relevant to Company X.

Workforce performance management system. There is an extensive performance evaluation management system in place within Company X. All staff members use this system annually to conduct their performance evaluations, yet managers have the flexibility to alter this system to best meet the needs of their respective departments. For example, some managers require their reports to populate a self-evaluation prior to annual reviews, whereas others do not. In the case of the executive leadership, the BOD conducts the performance evaluation review of the CEO, and the CEO conducts the performance evaluation for all other members of the executive leadership team.

One critical aspect of the performance evaluation system is a section for employees to share what training and opportunities they believe are necessary to further

their career progression. The CEO personally reads every employees feedback to this section in efforts to identify areas of improvement for the entire organization. The information found in this section is also instrumental in succession planning for Company X.

Workforce development system. An output of the performance management system is the identification for career progressions. Management leverage performance results to determine succession planning for key employees, as well as identify gaps for career progression. If an employee identifies a desire to progress their career but no immediate opportunities are available, management of Company X attempt to create an opportunity within the organization. This approach is an effective methodology for senior leadership to ensure their employees are engaged in the work, ensure employee retention, and strategically plan for the future.

Operations

Work processes. Review of how senior leaders design, manage, and improve key products and work processes includes information regarding product and process design, supply-chain management, and innovation management.

Product and process design. Due to the unique requirements and settings that each program of Company X, there is no single predetermined product and process design. The strategic plan is the overarching guidance for all processes within Company X. The BOD members provide guidance regarding firm policies and procedures set forth within this strategic plan. If this guidance does not cover a new program process

requirement, senior leadership approach the executive committee of the BOD to determine the best steps forward.

Supply-chain management. Since Company X is a service-oriented organization, there is a limited supply-chain to support ongoing operations. Business leaders, over the existence of the organization, have established themselves to be a reputable firm within the geographical area. As such, other firms are very willing to commence in business-to-business transactions in support of ongoing operations.

Additionally, business leaders leverage several professional associations, peer referrals, and other means of vetting out their supply chain. This, as a result, dramatically reduces the chances of running into supply chain related issues for the operations. When issues do arise, the team gathers the necessary information, assess the situation based upon relevant data, and is able to make informed decisions on how best to continue with operations.

Innovation management. Senior leaders of Company X constantly scan the competitive environment for new and innovative opportunities to leverage. The marketplace for Company X is always changing, which allows Company X leadership many opportunities to investigate and exploit. Many of the competitive firms are in the process of consolidating programs, therefore dropping the non-central programs. These dropped programs are opportunities for Company X leaders to be innovative and expand their influence in the marketplace.

When a program is added, the proposed program sponsor must follow the vetting process and adhere to the MVV of Company X. In some cases, adoption of programs

takes place; in other cases, they do not align well. The most innovation that occurs within Company X is around effectiveness of operations. Most recently, Company X leaders leveraged new technological advancements, implementing two new innovative software systems that allow staff to accomplish their workloads more effectively.

Operational effectiveness. Review of how senior leaders ensure effective management of operations includes information regarding process efficiency and effectiveness, management of information systems, and safety and emergency preparedness.

Process efficiency and effectiveness. To ensure efficiency and effectiveness, Company X leaders stress the importance of cost-effective operations. To achieve this, members of management closely monitor operations. The staff conduct an extensive budgeting process annually, with final approval from the finance committee of the BOD.

The CEO emphasizes the importance of weighing flexibility versus controls. In in mindset, staff members are aware of the degree of approval they have when facing expenditures. If an expenditure is over the approved budgeted amount or unbudgeted, the finance committee of the BOD holds the authority to approve the request. If an expenditure is an emergency, the executive committee of the BOD may approve the request.

Management of information systems. Company X staff leverage numerous information systems to meet expectations for both internal and external stakeholders. Company X does employ internal information technology staff responsible for the day to day operations of the information systems. In addition, Company X leadership also has

an ongoing relationship with an information technology consulting firm tasked to help with servers, determining new software and hardware upgrades, as well as provide additional support to the internal staff.

To ensure the reliability of information systems, a system of checks and balances exists. In any situation in which staff members are performing data input into a system, there is a redundant cross verification of some regard. Staff populate weekly and biweekly reconciliation reports to ensure the reliability of data between internal systems and funder systems. The chief program officers ensure data population of the funder's information systems with accurate and timely information; the deputy COO then reconciles payment of funding against these systems in efforts to make sure no funding source is uncollected.

From a data privacy and security standpoint, Company X attempts to shift risk to vendors. In any situation possible, Company X vendors will hold sensitive data, with Company X staff verifying their data procedures. The staff undertook a data purge project several years prior when conducting a major database upgrade in efforts to completely remove sensitive data from Company X servers. If sensitive data are required on company servers, the content is fully password protected.

Safety and emergency preparedness. There is a formal written disaster plan for Company X, outlining expectation of what to do in the event of an emergency event. All physical locations are equipped with bottled water, protein bars, and emergency equipment in the unfortunate event a disaster occurs. Frequent fire and evacuation drills take place either monthly or quarterly, depending on the location.

All locations do have a receptionist. This is a simple, yet effective method to deter non-authorized persons from attempting to access the facilities. Staff members are aware of the settings and adherent risks associated with the site locations and trained to inquire into any individual on-site that they are not familiar with. If a major disaster does occur, Company X staff are able to run the organization from any of the major three locations.

Measurement, Analysis, and Knowledge Management

Measurement, analysis, and improvement of organizational performance.

Review of measurements, analysis, and improvement of organization performance includes information regarding performance measurement, analysis, review, and improvement.

Performance measurement. Company X business leaders measure performance in a variety of ways based upon collected data. From a financial perspective, staff collect financial data within the financial reporting system, which is able to maintain accurate records, populate financial reports, and assist staff members to make effective decisions.

From an operational perspective, staff collect data from programs in various ways. Each program is unique, leaving staff members with a challenging task of centralizing the data in a manner that is effective for making decisions. Staff members leverage both internal and external databases to maintain, compare, and ultimately make data-drive decisions for Company X. Staff members compare this actual collected data against the predetermined individual client and departmental goals to determine progress to plan. Additionally, for state funded programs, the state authority sends aggregate comparative data back to Company X, allowing staff members to determine performance

versus competitors.

Performance analysis and review. For financial data, staff members frequently monitor spending to ensure activities fall within the budget. In the situation that an unbudgeted expense is necessary, approval from departmental managers and / or the executive staff is required. Staff members compile the financial performance on a monthly, quarterly, and annual basis, with respective analysis also conducted.

Due to the funding sources, and the organizational structure of Company X, an independent CPA firm conducts an audit annually. The auditors share the results with the executive staff, as well as the board of directors. Some findings of the annual audit are also subject to public publication.

Staff members actively monitor program data, even as often as daily if necessary. Due to the nature of the programs, it is essential that staff monitor progress on a regular basis to ensure clients are receiving the care and meeting predetermined goals. Funding sources will not release funds to Company X if staff members fail to provide results proving their clients are making progress to goals.

In regard to administrative review of programs, staff members compile quarterly electronic reports that are summations of the previous three months of activity. Distribution of these reports to each program function ensure team members are informed of the activities going on within Company X. Staff members also utilize these quarterly reports when summarizing the entire fiscal year activities, with the annual report provided to the board of directors.

Performance improvement. Company X business leaders maintain and leverage these data in efforts to improve the overall performance of the organization and to create a sustainable organizational environment for years to come. Business leaders can leverage the 93 years of history, along with a knowledge of the competitive environment, to predict future performance. These predictions also assist business leaders to not only identify areas of improvement, but to also prioritize the areas needing improvement.

Information and knowledge management. Review of information and knowledge management includes information regarding data, information, and organizational knowledge.

Data and information. Staff members are accountable to ensure the highest quality of data and organizational information. Staff members use this information for a variety of activities, including funding, improvements, and to meet client goals. If the gathered data is inaccurate or incomplete, Company X staff potentially face operating risks.

Data is gathered and held within internal and external databases. This data is securely stored, with limited access to ensure the quality. Staff members who need access to this to complete their workload have permission to access, but only to the required information. Data is gathered from a variety of sources, including clients, sponsors, funding sources, publicly available comparative data, and readily available competitive data.

Organizational knowledge. The sharing of knowledge is critical for Company X. Weekly departmental meetings, quarterly administrative reviews, and annual all staff

meetings allow business leaders to share the most important information with staff members. Business leaders leverage these settings to share best practices, identify areas for efficiency improvements, and spread the word about new and upcoming changes within Company X. Sharing of this knowledge enables staff members to more effectively conduct their work.

Collection, Analysis, and Preparation of Results

Product and Process Results

Company X is in existence to (a) assist people of all ages who are blind or visually impaired to lead independent and active lives in their homes and communities, and (b) educate the public to understand the capabilities and needs of people who are blind or visually impaired so they can be integrated into all aspects of community life. Company X business leaders fulfil this purpose by (a) providing program that assist with individualized rehabilitation training at home or in the community, (b) providing social services, (c) employment training and job development, and (d) group community education and activities. These services are provided free of charge and available the entire life span of clients, from birth to death.

Company X business leaders and staff continue to expand the number of clients served annually, as outlined in Table 2 (p. 50). When considering a location specific analysis, the locations continue to also show healthy growth in number of clients served as shown in Figure 7. This is a result of numerous factors, including but limited to introduction of new programs and services, expanded language offering, and expanded geographical reach.

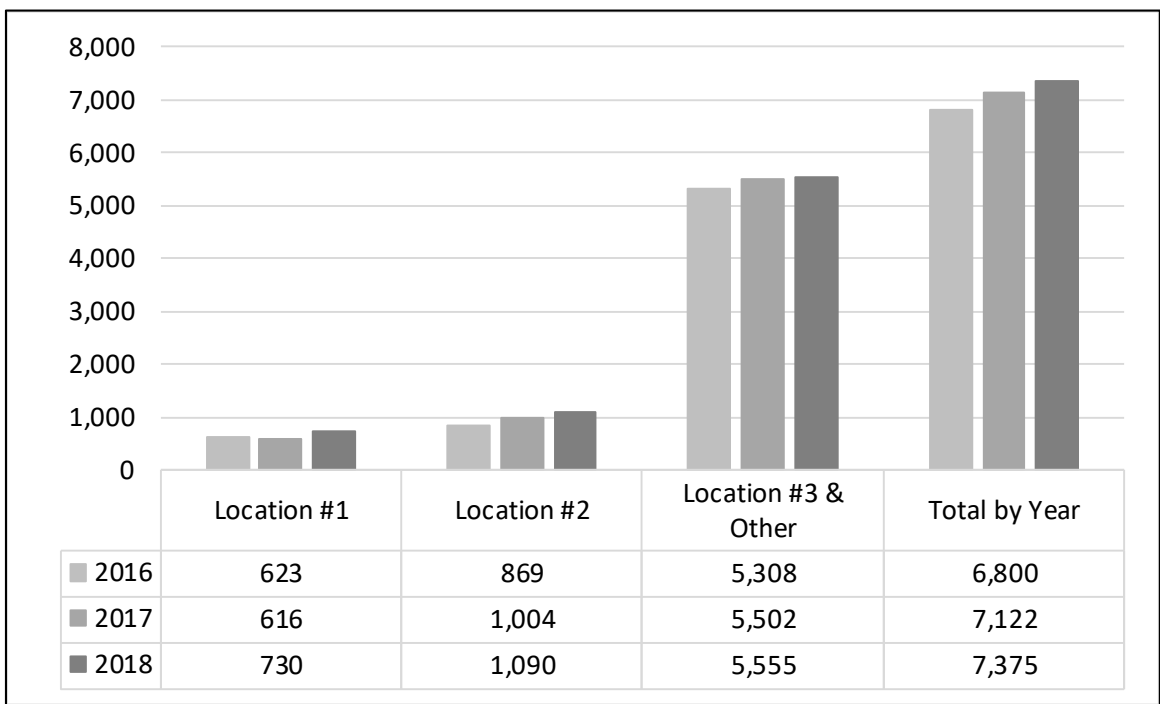


Figure 7. Number of clients served by location

Customer Results

Company X business leaders continue to develop and improve a formal process of determining client satisfaction and dissatisfaction. As noted previously, a large majority of the funding provided by government contracts is directly tied to achieving client outcomes. In 2019, Company X staff were able to increase governmental funding by achieving the outcomes required in all the contracts held. As a direct result of increased funding, Company X staff can continue to hold increasing numbers of job skills trainings and workshops, on a year over year basis, as show in Figure 8.

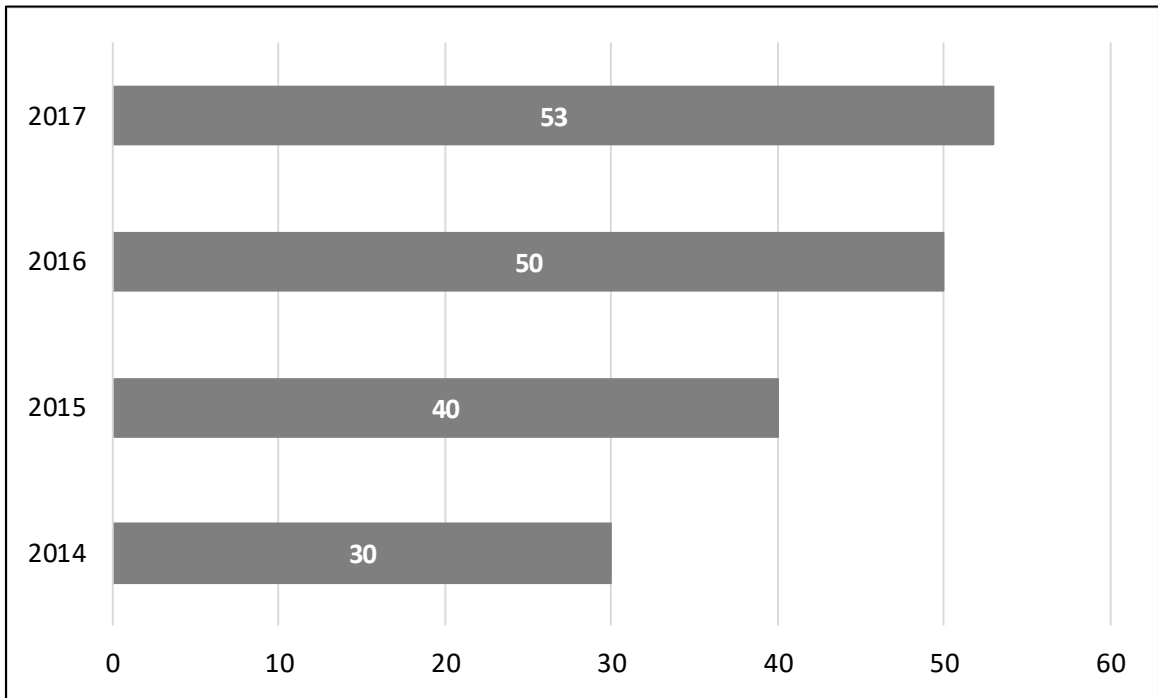


Figure 8. Number of job skills training courses / workshops conducted

It is the belief of Company X leaders that the additional training opportunities directly correlates with the increase in clients passing job skill competency assessments, as shown in Figure 9.

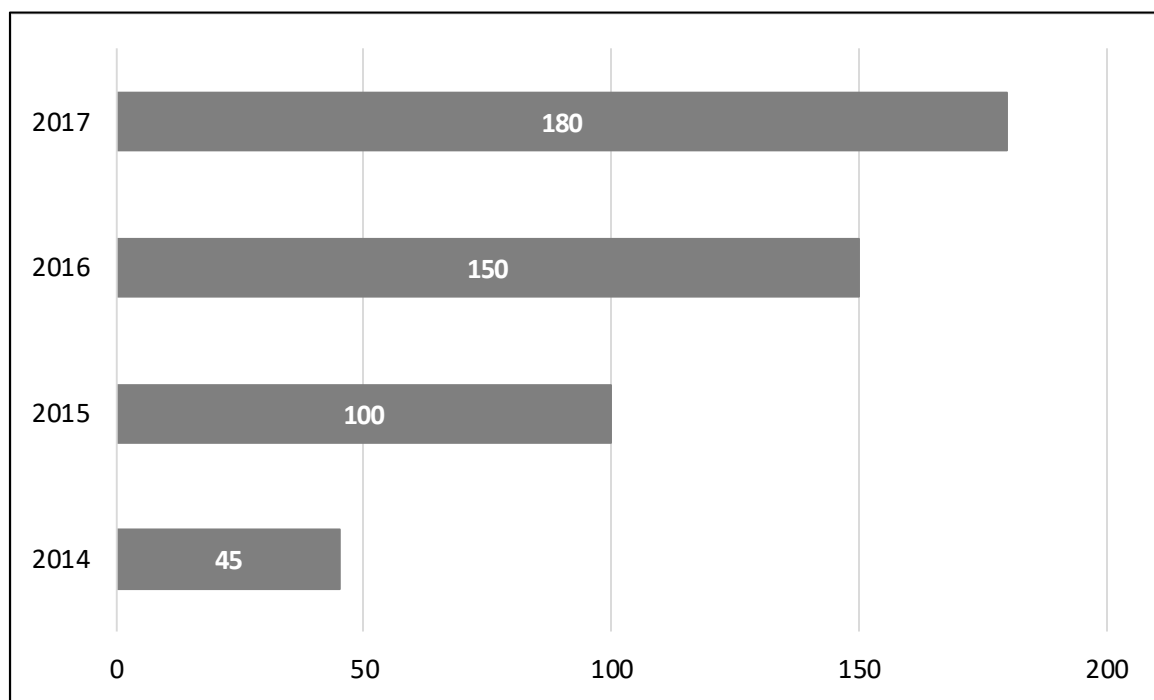


Figure 9. Number of clients passing job skill competency assessments

A challenge for Company X clients is to obtain employment. Company X business leaders observe the increasing rates of multi-disabled clients seeking services. In order to meet their strategic objectives and mission, Company X leaders seek *full integration* into the community and independence – this certainly includes employment. As such, tracking client employment is a major indicator of Company X overall impact.

Over the past several years, Company X staff and leaders have been able to simultaneously increase the average number of job interviews each client obtains, as well as the total number of new employment for clients of Company X, as outlined in Figure 10. For 2016, 2017, and 2018, Company X ranked as the top job placement agency for people of blindness or visually impaired.

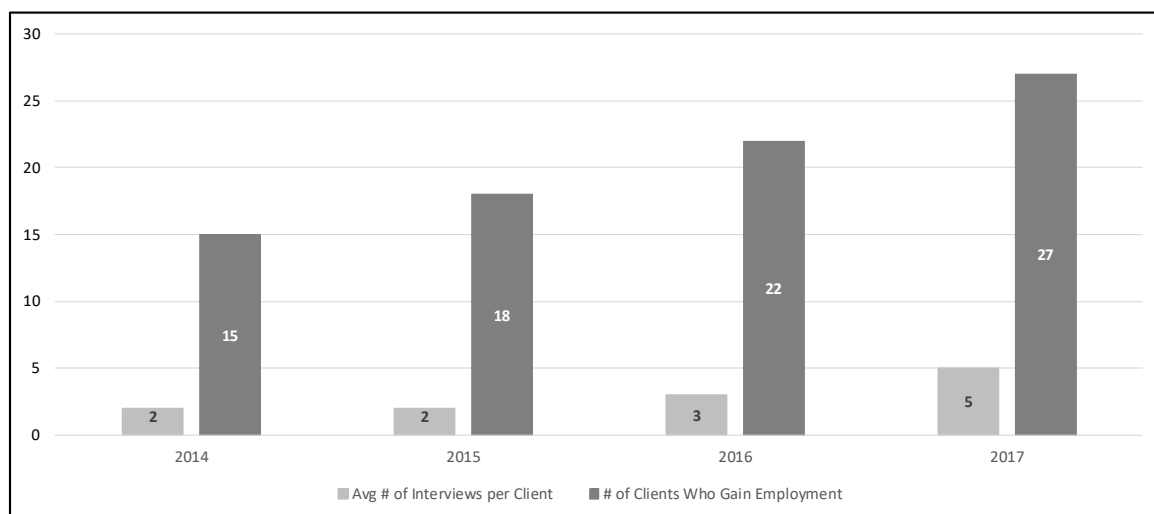


Figure 10. Average number of job interviews per client versus total new employment

Annually Company X staff administer a customer satisfaction survey to clients serviced within the prior year. This is an opportunity for clients to confidentially share their feedback with Company X staff, and a way for the staff members to measure and gauge their effectiveness. This survey is brief, yet informative.

The survey is compiled of two major sections. First, there are several questions to measure the life satisfaction of clients prior to participating in any programs or services offered by Company X. This section of the survey is the baseline upon which the measurement is conducted. Figure 11 shows the percentage of life satisfaction prior to receiving any programs or services from Company X, broken into four categories of life satisfaction and by year. Figure 13 (p. 95) also incorporates these four categories summarized together as total life satisfaction.

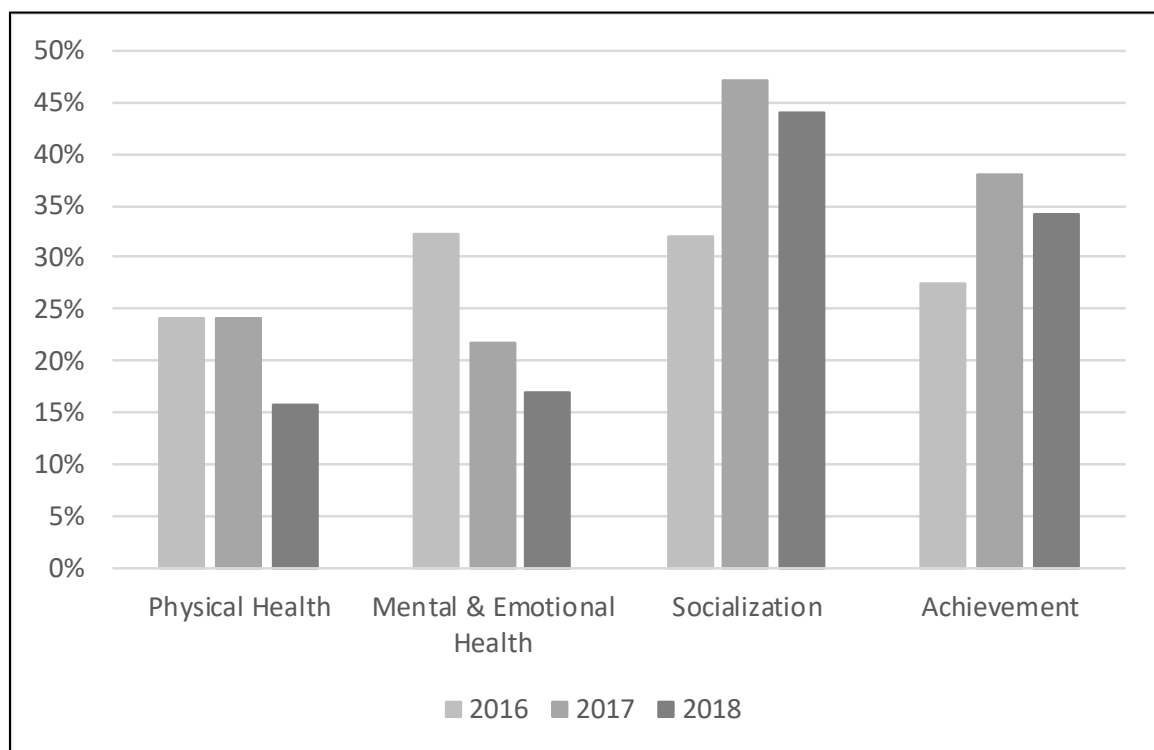


Figure 11. Preservice satisfaction question results

The next section of the survey is a series of questions, all of which start with *as a result of your participation in programs/services do you/have you....* The series of questions is an attempt to quantify the improvement that clients have made over the course of their interaction with Company X. These results also directly tie into funding source deliverables, so quantifying and reporting these results has a direct impact on the funding and sustainability of Company X. Figure 12 is a graphical display of the results for several years, segmented by question, as well as an average question response.

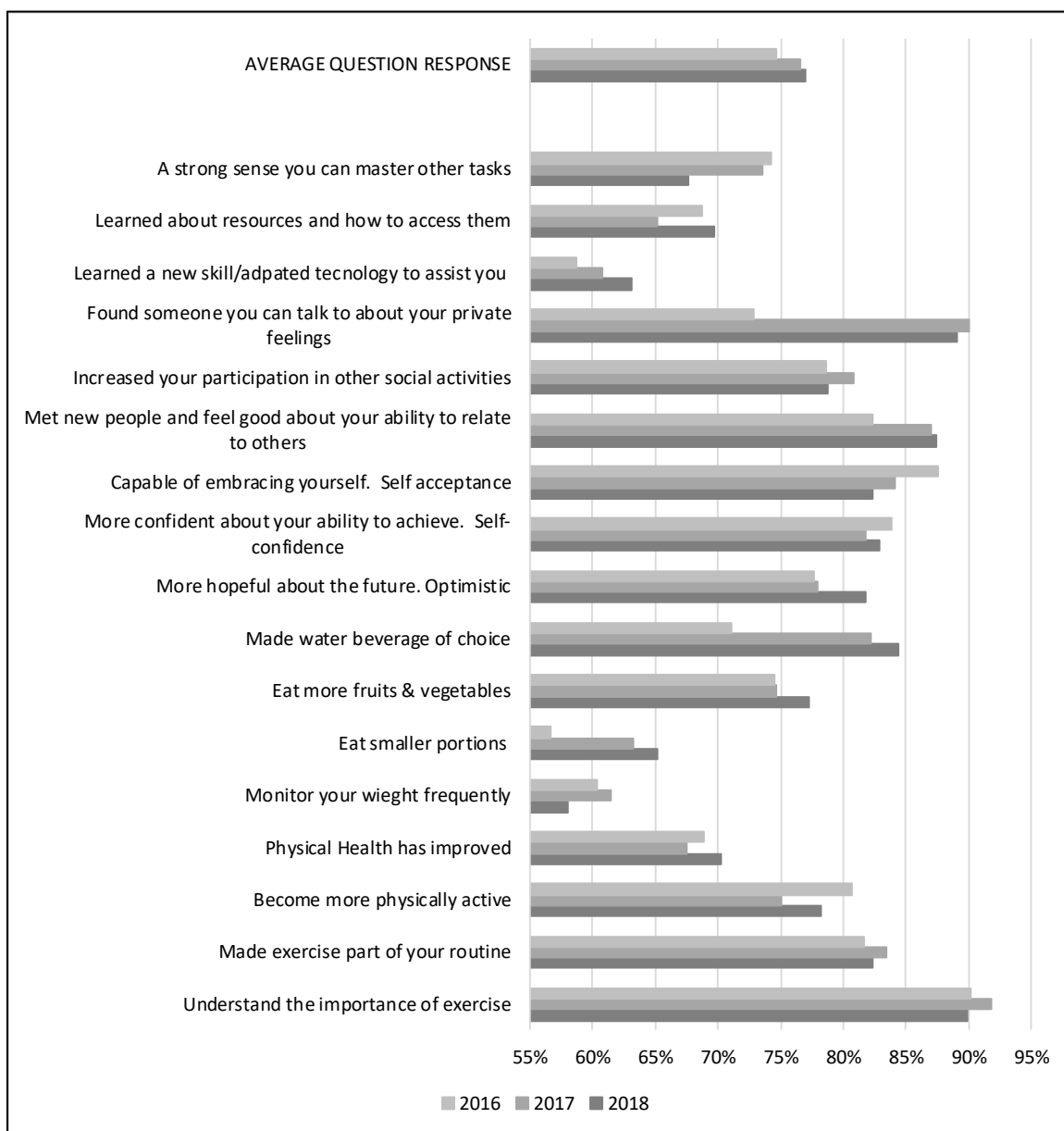


Figure 12. Customer survey question results

The most notable survey results compare the life satisfaction of the client prior to receiving any service or enrolling in a program with Company X, compared to the satisfaction of the client after completing the program or service. Figure 13 is a graphical display of this comparison, by year. It is worth noting that over the past three fiscal years,

incoming client life satisfaction has steadily been decreasing. Yet, program satisfaction, measured by whether the client feels more satisfaction after working with Company X, continues to maintain the satisfaction level. Said otherwise, even though Company X staff appear to be working with more challenging clients, their client satisfaction remains consistent.

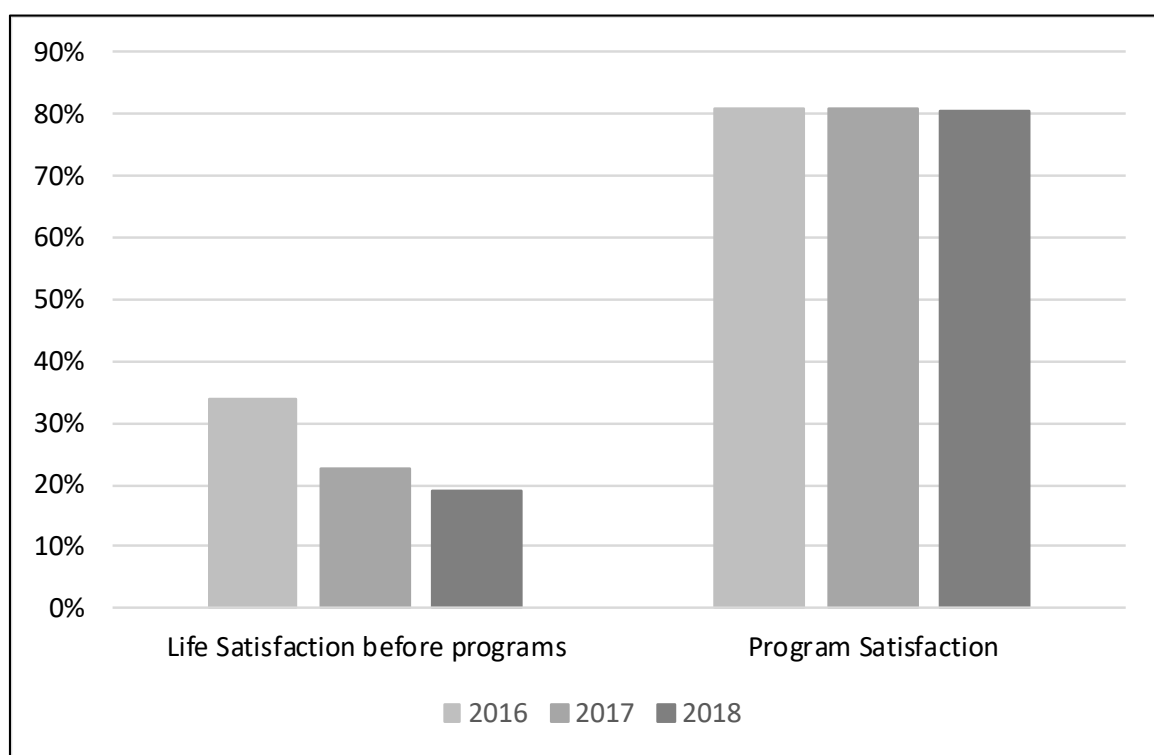


Figure 13. Pre- and postprogram satisfaction results

Workforce Results

The workforce of Company X is the driving force for client success, and an area with the largest risk due to staffing challenges. Specialty staffing requirements continue to be an area of concern, as without the correct qualified staff, the organization is not able to provide the programs and services to clients as they do today. Continual strategizing of

how to recruit trained and certified staff is an ongoing discussion between Company X business leaders.

All staff members meet or exceed the qualifications for their position. There is a formal training and development process that is integrated within the annual review process in which employees are provided an opportunity to express desire for additional training and interest for promotions. The supervisors are then responsible to build a plan to achieve the agreed upon development plans. As part of the annual review process, each review conducted is reviewed by the direct supervisor. The executive director also reviews the performance reports for each employee within the organization.

Leadership and Governance Results

There is a comprehensive governance structure to oversee Company X. The Board of Directors is comprised of 17 members, in addition to the six officers and executive director of the company. Additionally, there is also an 11-member advisory council to support the business leaders and Board in making strategic decision. The entire geographical reach of Company X is broken into 6 regions of which each there is an advisory board to support the strategic operations and planning.

The Board of Directors and leadership team at Company X are all actively involved with the ongoing operations of the firm. The CEO and other business leaders continue to develop a culture of transparency and openness with staff members. This open communication is effective in allowing all staff members to have input into the way the organization operates, and to take accountability for their own actions. In 2018,

Company X ranked Platinum status from GuideStar, a *GreatNonprofit* designation, and continues to exceed the Better Business Bureau standards for charity accountability.

A continual emphasis of diversity in the workplace is apparent. There is a mix of staff members and qualifications. As part of the commitment to the MVV, Company X employs over one-third of their staff as blind or visually impaired. This also allows for a competitive advantage, ensuring that the programs and services are effective, as many of their staff members are prior clients.

Financial and Market Results

Business leaders of Company X operate the organization with a long-term, sustainable mindset. The organization continues to exhibit financial strength and the ability to effectively manage operations. Funding for the operations is consistent over the two previous years (Figure 14).

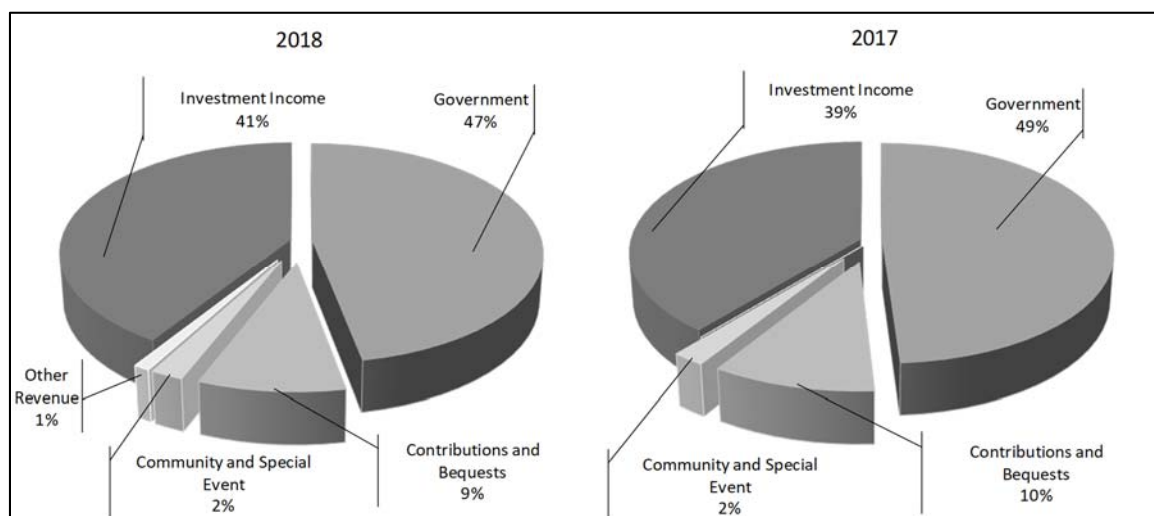


Figure 14. Funding sources

Additionally, Company X staff continue to expand their focus in each of the funding sources. A notable expansion recently is additional grants received, as displayed in Figure 15.

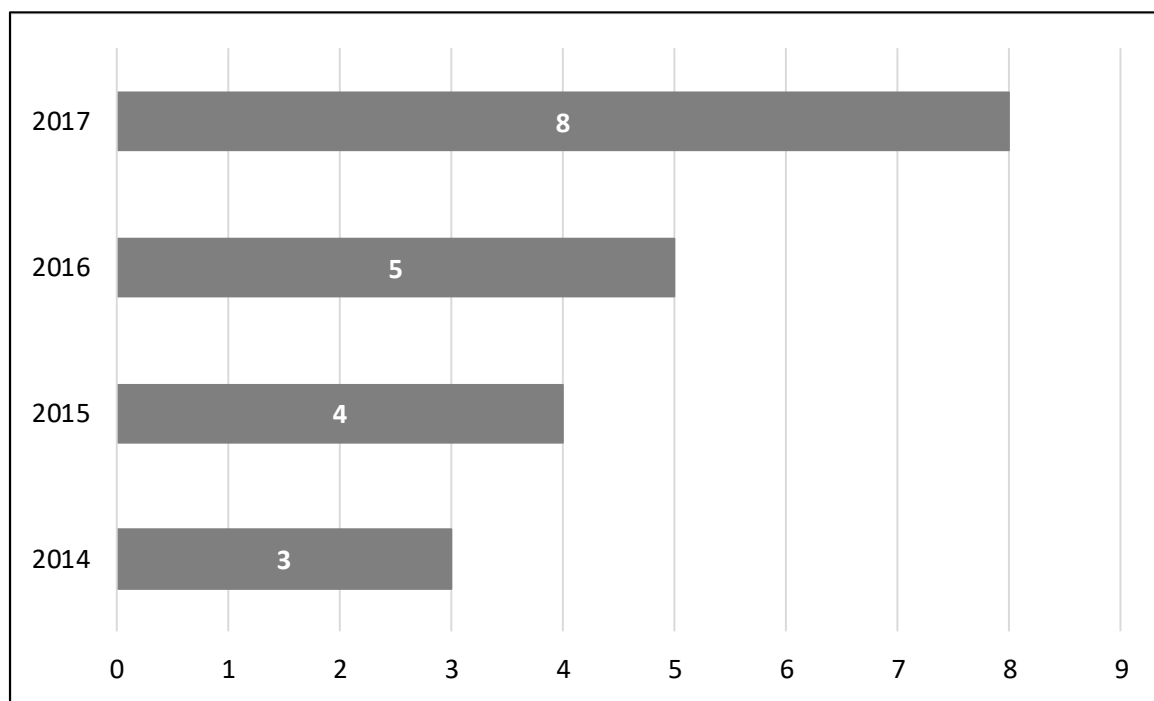


Figure 15. Number of new grants received

From an expense perspective, the funds raised for the organization are primarily used towards programs and services (Figure 16). With fund raising at 2% and 3% in 2018 and 2017, respectively, and management and general at 8% in both 2018 and 2017, the organization continues to service their clients while also keeping donors content with the contributions being made. This ratio of expense categories is one advantage that helps to drive year over year revenue growth.

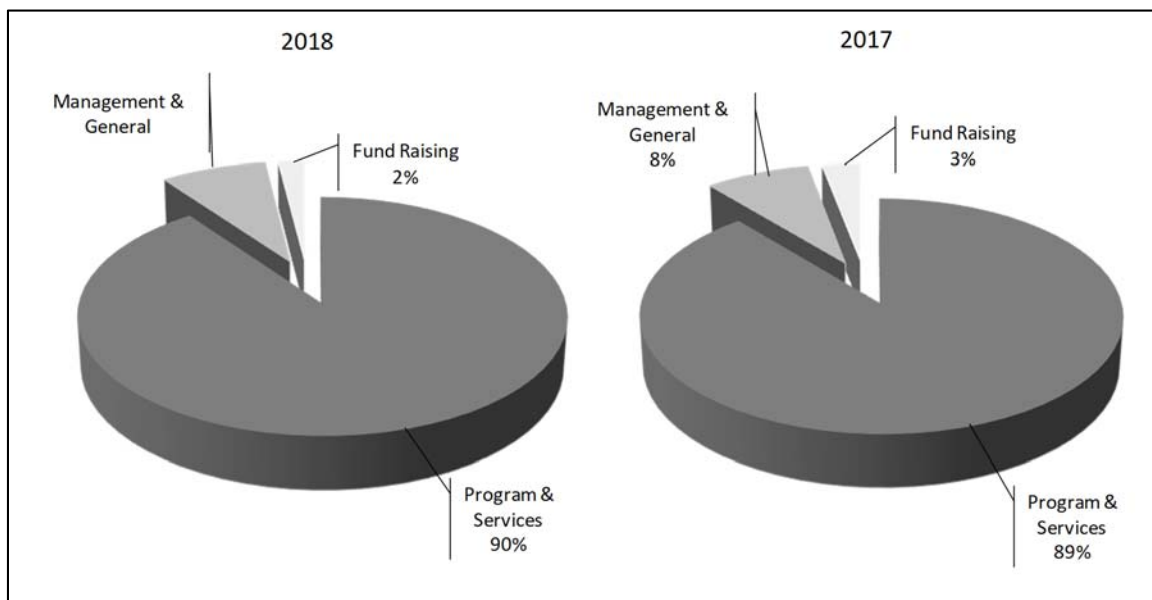


Figure 16. Funding usages

When funding outperforms expectations, such as it was in 2017, business leaders take the opportunity to further build up the balance sheet for future opportunities. Funds left over after program services, management and general expenses, and fundraising expenses fall into the category of *change in net assets*. This money is utilized in a variety of ways to drive future funding, via investments. As noted in Figure 17, the excess revenue that was above-normal level growth in 2017 was saved and set aside in this category. Figure 18 displays the healthy financial position of Company X, positioned for long-term success.

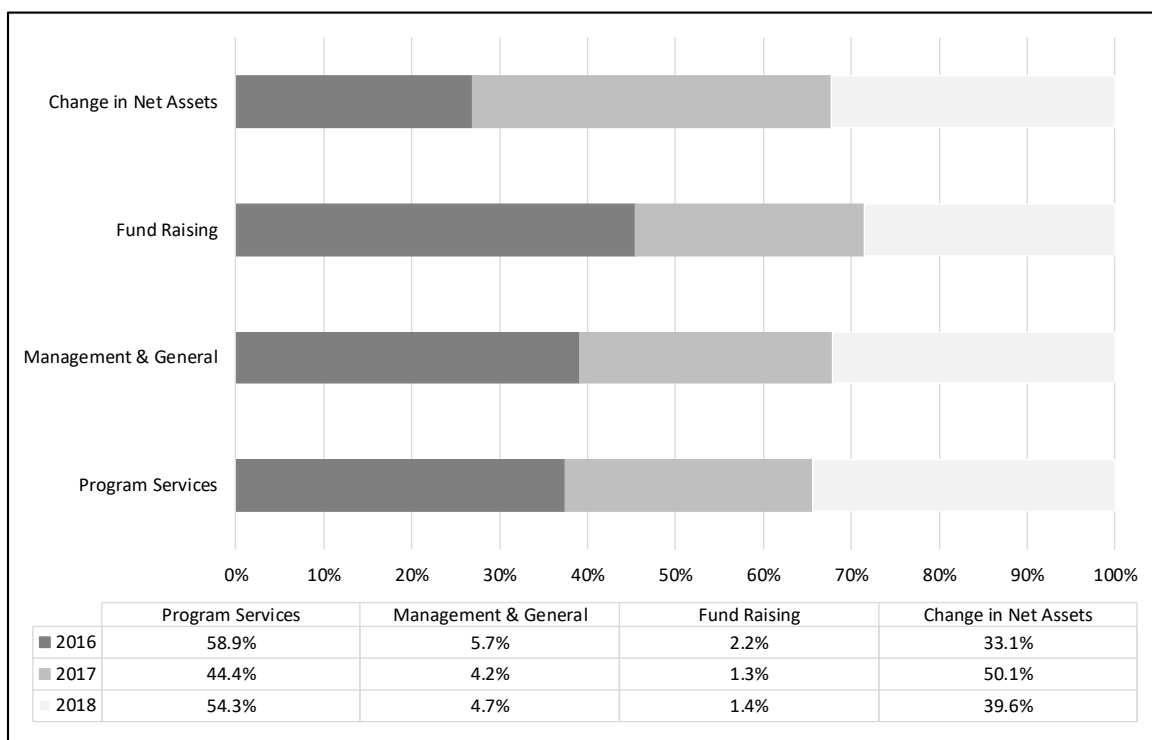


Figure 17. Expense breakdown

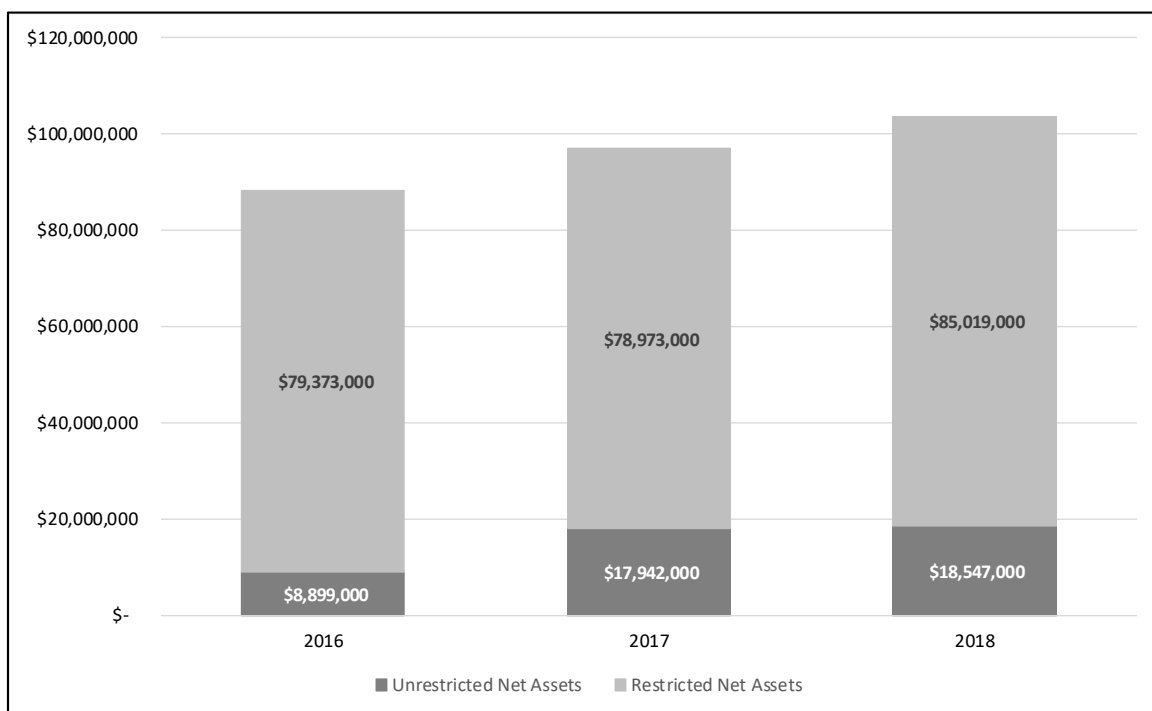


Figure 18. Net assets

Figure 19 is a graphical display of ROI and ROA, both key financial metrics the Board, management, and donors closely monitor.

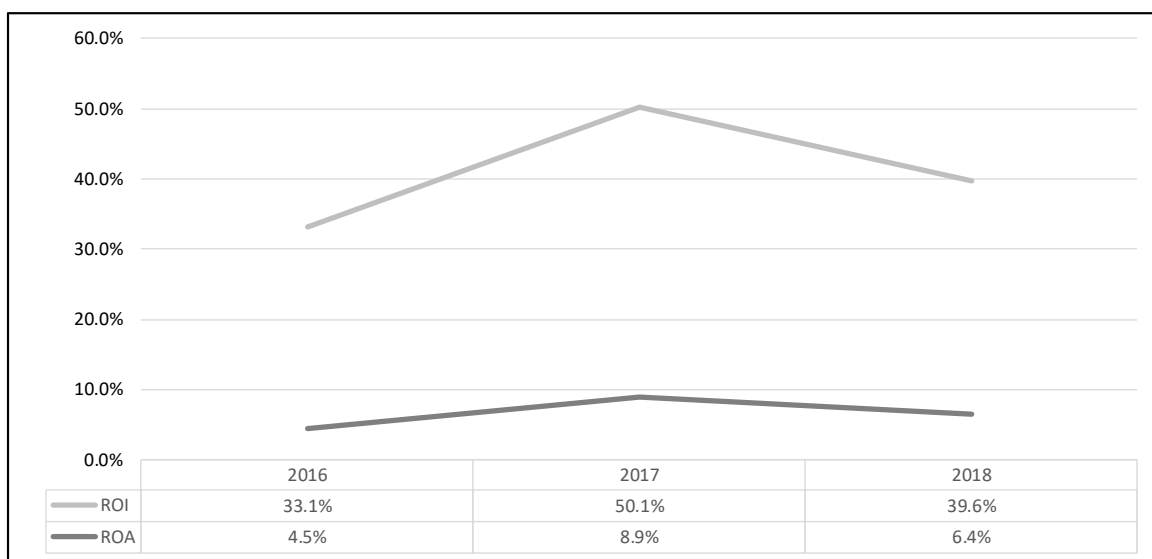


Figure 19. ROI and ROA

Key Themes

Process strengths. The Baldrige Performance Excellence Framework was one lens used to explore process methods Company X business leaders use. Company X's leader's strategic planning process is the first theme to emerge for process strengths. Both the executive leadership team and the board of directors displayed a commitment to the organization's mission, vision, and values during the strategic planning process. This process is robust in that it is completely rewritten every 5 years, with an extensive review process in the interim years.

The next process strength apparent from the study findings is the commitment to culture and staff members. The open-door policy set forth by all executive team members allows for a culture of trustworthiness and transparency. This type of culture is directly linked to a positive risk culture that business leaders should attempt to implement within their organizations. Additionally, the hiring process that ensures sustainability to employment and workload for employees further builds this type of culture.

The final process strength theme that arose was the commitment to a financially strong organization. Executive leaders within the organization are all aware of the financial position of the organization. Before committing to new programs and services, the executive team, along with the board of directors, ensure the financial viability of the proposed changes. This, in return, provides for adequate funding to support the new initiatives that ensures the sustainability of the organization.

Process opportunities. The major opportunity for Company X leaders continues to be staffing. There is an immense shortage of staff to fill open position in the space the

organization occupies. As such, the top process opportunity for Company X executive leaders is to continue to develop a process to engage potential staff members. Leveraging the process and results strengths to *tell a story* and become an *employer of choice* is an opportunity to engage.

Additionally, it is recommended that Company X board of directors and executive directors start the process of naming a successor to take the executive director position, pending the retirement within the next several years. The current executive director is an invaluable asset to the organization and will pose a significant gap when transitioning. It is recommended 12 to 18-month overlap between the current and future named executive will ensure a smooth transition. In consideration of this move, a *keeper of the culture* is going to be instrumental to ensure the ongoing sustainability of the organization.

Results strengths. The relationship between the executive staff members and the board of directors is a result strength. Although this is an intangible facet of the organization, there are numerous tangible benefits of such a relationship. The organization's leaders can leverage the board of directors for niche advice without having to pay consultants or professionals. The active board often provides guidance for new initiatives, providing expertise for operations as well as history of past attempts and actions to avoid. This long-standing relationship of trust and transparency allows for the best long-term decisions to be made, thus improving the sustainability of the organization.

The customer satisfaction results are a strength to leverage. The results of this section provide proof that the organization is not only performing adequate, but rather improving their year over year operations in efforts to meet and exceed customer

satisfaction. There is an increasing challenge faced by Company X, in that their cliental base is becoming more and more dissatisfied prior to seeking Company X services and programs. The staff members have been able to leverage the skills, training, and new technologies to service this new cliental base.

The financial results of the organization continue to be the backbone of sustainability for Company X. The organization continues to have a healthy statement of financial standing, which in return, provides additional funding year over year to support the growth of the organization. This financial situation, tiered along with the sustainability mindset of the executive staff, provide for a culture in which the organization will not take on any more programs and services unless they are certain of the ability to support long term.

Results opportunities. The most notable opportunity for Company X business leaders is to leverage their process and results strengths to create awareness of the organization. This will contribute to both obtaining new cliental and potential staff members. It is essential that the organization continue to grow, but manage the growth; there are countless of opportunities to go after, but adherence and alignment to the mission, vision, and value will prove crucial.

With the intent to continue year over year growth on number of clients served, an opportunity will be to determine how Company X differentiates themselves against the competition. This is possible via new programs and services, or by creating specialty services and programs in areas already being served. With the largest number of potential clients being misaligned with the funding sources, a huge financial result opportunity is

to try to find creative solutions to meet this cliental group, and to pull along funding sources to support.

Project Summary

The purpose of this qualitative single case study was to explore enterprise risk management strategies nonprofit business leaders use to maintain and improve organizational sustainability. As a participant in Walden University's consulting capstone, I worked with an assigned organization located in northeastern United States that is a rehabilitation and social services agency. I used purposeful sampling to identify three executive leaders as the population for this study. I performed semistructured interviews with the three executive leaders, reviewed internal and external documents and other gathered data, and employed triangulation to find common themes.

The results reflected participants' perceptions over six process-focused areas of the Baldrige Performance Excellence Framework. These areas include leadership; strategy; customers; measurement, analysis, and knowledge management; workforce; and operations. Nonprofit business leaders who read this study may incorporate the various enterprise risk management strategies to maintain and improve their own organizational sustainability.

Contributions and Recommendations

The results of this study are evidence of the reasons nonprofit business leaders should develop and implement enterprise risk management strategies to maintain and improve their organizational sustainability. The contributions to business practice include the data analyzed and information learned to improve enterprise risk management

strategies to maintain and improve organizational sustainability. The contributions to social change include the client organization learning what enterprise risk management strategies are effective, in efforts to maintain and improve their sustainability, thus creating a positive impact on the community by being able to service their clientele base for the foreseeable future.

For research recommendations, I recommend future researchers explore enterprise risk management strategies to maintain and improve organizational sustainability through a lens that incorporates both qualitative and quantitative research and procedures. Additionally, I recommend this research be conducted in the for-profit industry to explore if the findings of this study are also applicable in other settings. Finally, I recommend future researchers incorporate a conceptual framework other than the Committee of Sponsoring Organizations integrated enterprise risk management. Being that enterprise risk management is a relatively new management topic, it is certain that new theories are to be introduced; I recommend future researchers to leverage these future theories as the conceptual framework of their research. The results of this study may benefit nonprofit business leaders to use enterprise risk management strategies to maintain and improve organizational sustainability.

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Appendix: Interview Protocol

Date and time: _____

Participant (title and name): _____

1. Introduce researcher (self) to participant.
2. Answer any initial questions and/or concerns
3. Notify participant of and turn on audio recording device.
4. State the date, time, pseudonym, coded identification of interview for audio recording purposes.
5. Begin the interview process with the central research question:

What enterprise risk management strategies do nonprofit business leaders use to maintain and improve organizational sustainability?
6. Move onto the targeted interview questions:
 - a) What risk management strategies do you use to maintain and improve organizational sustainability?
 - b) What are your strategic challenges related to enterprise risk management?
 - c) How have you addressed the key challenges to implementing enterprise risk management strategies to maintain and improve organizational sustainability?
 - d) How do you measure the effectiveness of the strategies for enterprise risk management?

- e) How, if at all, do you ensure that your enterprise risk management strategies align with organizational sustainability goals?
 - f) What additional information would you like to share regarding strategies for enterprise risk management?
7. If time allows, continue with targeted follow-up questions.
 8. End the interview and thank the participant.
 9. Share contact information with participant in the event of any follow-up concerns or questions.