CURRENT PRACTICES AND CHALLENGES OF IMPLEMENTING ENTERPRISE RISK MANAGEMENT (ERM) IN CHINESE CONSTRUCTION ENTERPRISES

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Abstract
The concept of holistic risk management has helped many industries around the world create value. However, in the construction industry, practitioners have by far been focusing mainly on risk management at the project level rather than at the enterprise level. The objective of this study is to highlight the current practices and challenges of implementing Enterprise Risk Management (ERM) in Chinese construction enterprises. To achieve this objective, a literature review was first conducted to understand the major concepts of two widely-used ERM standards, the differences between ERM and Project Risk Management (PRM) and the status of ERM in China. A questionnaire survey covering large Chinese construction enterprises was then conducted to evaluate the extent to which they had actualized the ERM framework. The findings show that many Chinese construction enterprises have endeavored to improve their risk management by adopting ERM standards, establishing risk management cells, defining staff’s duties for risk management and formulating some risk management strategies. However, the empirical findings also suggest that most of them need to establish risk management cells, strategies and routines, and most of all, nurture an affirmative risk culture. Senior managers in companies and the academia are likely to find the study useful, as it discusses specific features of ERM in the construction industry, as well as the current status of ERM in China, with a view to stimulate further research.

Keywords
Enterprise Risk Management, Chinese Construction Enterprises, Project Risk Management

INTRODUCTION

This introductory section presents the literature review and the two major ERM standards.

Literature review
Managing risk is a fundamental concern in today’s dynamic global environment. In recent years, a paradigm shift has occurred in the way organizations view risk