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Specialisation Risk Management



The Role of Enterprise Risk Management in Enhancing Corporate Compliance

An Applied Study on Al Murabba Company in Riyadh

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1447 – 2025

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Abstract

This study examines the role of Enterprise Risk Management (ERM) in enhancing corporate compliance in New Murabba Company in Riyadh. Building on international ERM and compliance frameworks and previous empirical research, the study adopts a descriptive–analytical, field-based design and relies primarily on a structured questionnaire administered to employees involved in risk management, governance and compliance-related activities. The questionnaire operationalises ERM through dimensions such as risk identification, risk assessment, risk response, risk monitoring and reporting, and executive leadership support, and measures corporate compliance through legislative and regulatory compliance, adherence to internal policies and procedures, responsiveness to regulatory requirements and transparency and governance. Descriptive analysis indicates relatively high levels of ERM implementation and corporate compliance in New Murabba. Correlation and regression analyses reveal positive and statistically significant relationships between all ERM dimensions and the compliance dimensions, supporting the conclusion that integrated, enterprise-wide risk management contributes to stronger corporate compliance and governance outcomes in the context of a major Saudi development project.

.Keywords: Enterprise risk management; Corporate compliance; Governance; Saudi Arabia.

CHAPTER ONE

GENERAL FRAMEWORK OF THE STUDY

1.1 Introduction

In recent years, organisations have operated in an environment that is not only highly competitive but also increasingly volatile, uncertain and complex. Globalisation, technological disruption, regulatory reform and heightened public scrutiny mean that companies are now exposed to a wider range of interconnected risks than ever before. In such a context, the ability to manage risk in a holistic and proactive way is no longer a luxury; it has become a basic condition for organisational survival and long-term success.

Enterprise Risk Management (ERM) has emerged as a response to this reality. Rather than dealing with individual risks in isolated silos—such as credit risk, operational risk or health and safety—ERM seeks to integrate risk management across the entire organisation and link it directly to strategy, performance and value creation (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2017; International Organization for Standardization [ISO], 2018). Through ERM, risks are identified, assessed, responded to and monitored in a structured way that helps decision-makers balance risk and opportunity.

At the same time, corporate compliance has become a central pillar of corporate governance. Compliance no longer refers only to avoiding fines or legal penalties; it also includes adherence to internal policies, ethical standards, contractual obligations and expectations of transparency and fairness (Weaver & Treviño, 1999). In many sectors, regulators, investors, and other stakeholders now evaluate companies not only on their financial results, but also on their ability to demonstrate robust compliance and ethical behaviour.

In Saudi Arabia, the reforms associated with Vision 2030 have strengthened the emphasis on governance, risk management and compliance across both the public and private sectors (Nasser, 2022). Large development companies, such as New Murabba Company in Riyadh, are expected to play a leading role in this transformation by delivering complex strategic projects while also modelling high standards of transparency, accountability and risk-aware decision-making. For such entities, the integration of ERM and compliance is particularly important: failures in either domain can affect not only the company itself but also broader national objectives.

Within this context, the present study seeks to explore the role of Enterprise Risk Management in enhancing corporate compliance, using New Murabba Company as an applied case. In doing so, the research aims to shed light on how ERM practices can support

stronger compliance in a real organisational setting that is both strategically important and highly visible.

1.2 Background of the Study

Traditional risk management in many organisations has tended to be fragmented. Different departments focus on their own risk categories—for example, finance looks at market and liquidity risks, operations look at process and safety risks, and legal functions monitor regulatory issues. While this approach can address specific risks, it often prevents senior management from obtaining a comprehensive view of the organisation's overall risk profile and can lead to overlaps, blind spots and inefficient use of resources (Beasley et al., 2005; Paape & Speklé, 2012).

Enterprise Risk Management was developed to overcome these weaknesses. ERM frameworks such as the COSO ERM model and ISO 31000 propose that risk management should be enterprise-wide rather than confined to individual functions, linked to strategy and objectives, and embedded in decision-making at all levels of the organisation (COSO, 2017; ISO, 2018).

Research has shown that organisations that adopt ERM more fully tend to benefit from improved decision-making, more efficient internal control, and in some cases better financial performance and market valuation (Gordon et al., 2009; Malik et al., 2020). In other words, ERM is not just a defensive mechanism to avoid losses; it can also be a positive driver of value and resilience.

Parallel to this evolution in risk management, the field of corporate compliance has also expanded. The traditional view of compliance as a narrow legal function has been replaced by a broader understanding of compliance as a strategic capability that supports organisational integrity, stakeholder trust and long-term sustainability (Weaver & Treviño, 1999). Modern compliance programmes typically combine clear policies and codes of conduct, training and communication, monitoring and auditing, whistle-blowing channels and investigation mechanisms, and are increasingly integrated with ethics and corporate culture initiatives.

The concept of governance, risk and compliance (GRC) captures this convergence. Racz et al. (2010) argue that GRC represents an integrated and holistic approach through which organisations align governance structures, risk management processes and compliance activities to act ethically and within their risk appetite. In this view, ERM and compliance are complementary: ERM provides the tools and processes for managing risk, while compliance defines the rules and standards the organisation must respect.

For a large project-based development company like New Murabba, these developments are highly relevant. The company must manage risks related to project delivery, financing, partnerships, urban development, environmental and social impact, and reputation. At the

same time, it must comply with a wide range of regulatory and contractual requirements and meet the expectations of shareholders, regulators, partners and the local community. This makes New Murabba an appropriate case for examining whether and how ERM can meaningfully contribute to stronger corporate compliance in practice.

1.3 Problem Statement

Although ERM and corporate compliance are widely discussed in both academic and professional circles, there remains a practical knowledge gap regarding how these two areas interact within specific organisational contexts. Many companies have adopted some form of ERM framework and established compliance functions, yet the actual relationship between ERM practices and the level of compliance is not always clear (Beasley et al., 2005; Paape & Speklé, 2012).

In some organisations, ERM is implemented primarily as a reporting exercise, focusing on risk registers and heat maps without significantly influencing strategic decisions or daily behaviours. In others, compliance is treated as a reactive legal necessity rather than a proactive management concern. In such cases, both ERM and compliance may exist on paper but have limited real impact.

In the specific case of New Murabba Company, the organisation is expected to manage complex risks related to project delivery, finance, governance, stakeholders and reputation, while complying with regulatory and internal requirements and supporting national strategic objectives. However, it is not yet clear to what extent current ERM practices are integrated into decision-making and culture, how these practices support or fail to support compliance efforts, and which aspects of ERM are most relevant for strengthening compliance outcomes.

Accordingly, the main research problem can be expressed as the following question:

To what extent does Enterprise Risk Management contribute to enhancing corporate compliance in New Murabba Company in Riyadh?

1.4 Research Objectives

The main objective of this study is to examine the role of Enterprise Risk Management in enhancing corporate compliance in New Murabba Company in Riyadh.

From this main objective, the specific objectives are to:

1. Identify the key dimensions of Enterprise Risk Management that are applied in New Murabba Company.
2. Assess the current level of corporate compliance in New Murabba Company across its main dimensions.

3. Analyse the relationship between ERM dimensions and corporate compliance dimensions within the company.
4. Determine which ERM dimensions have the strongest influence on corporate compliance.
5. Provide practical recommendations for strengthening ERM practices in order to support and enhance corporate compliance in New Murabba Company.

1.5 Research Questions

To achieve these objectives, the study seeks to answer the following main question:

What is the role of Enterprise Risk Management in enhancing corporate compliance in New Murabba Company in Riyadh?

This main question can be broken down into the following sub-questions:

6. What are the main dimensions of Enterprise Risk Management implemented in New Murabba Company?
7. What is the current level of corporate compliance in New Murabba Company across its different dimensions?
8. Is there a statistically significant relationship between ERM dimensions and corporate compliance dimensions?
9. Which dimensions of ERM have the greatest impact on corporate compliance within the company?

1.6 Research Hypotheses

In line with the research questions, the study will test the following main hypothesis:

H₁: There is a statistically significant positive relationship between Enterprise Risk Management and corporate compliance in New Murabba Company in Riyadh.

From this main hypothesis, several sub-hypotheses may be formulated according to the dimensions used in the empirical model, for example:

- 10.H_{1.1}: There is a statistically significant positive relationship between risk identification practices and corporate compliance.
- 11.H_{1.2}: There is a statistically significant positive relationship between risk assessment and analysis practices and corporate compliance.
- 12.H_{1.3}: There is a statistically significant positive relationship between risk response and control activities and corporate compliance.
- 13.H_{1.4}: There is a statistically significant positive relationship between risk monitoring and reporting practices and corporate compliance.

1.7 Significance of the Study

The importance of this study can be viewed from both theoretical and practical perspectives.

- Theoretical significance:
 - The study contributes to the literature on Enterprise Risk Management and corporate compliance by explicitly linking these two concepts in the context of a large development company in Saudi Arabia, a context that is still relatively under-researched (Gordon et al., 2009; Paape & Speklé, 2012).
 - It provides empirical evidence on how ERM practices may influence compliance outcomes, thereby enriching existing research that has often focused either on ERM and performance or on compliance and ethics programmes separately (Beasley et al., 2005; Weaver & Treviño, 1999).
 - The conceptual framework proposed—linking ERM dimensions to compliance dimensions—can serve as a reference model for future studies in similar organisational and regional settings.
- Practical significance:
 - For New Murabba Company, the study may help clarify the strengths and weaknesses of current ERM practices in relation to corporate compliance, providing a more evidence-based view of how risk management contributes to governance and regulatory obligations.
 - The findings can support decision-makers in refining risk policies, enhancing compliance programmes, and prioritising investments in systems, training and cultural initiatives.
 - For other large development companies and mega-projects in Saudi Arabia and the wider region, the study may offer practical lessons on how to integrate ERM and compliance as part of a broader GRC approach (Racz et al., 2010).
 - Regulators, consultants and professional bodies interested in strengthening governance and risk practices in strategic sectors can also draw on the study's insights when designing guidance and capacity-building initiatives.

1.8 Key Terms and Operational Definitions

Enterprise Risk Management (ERM).

Conceptually, ERM is a structured, coordinated and continuous process implemented by an organisation's board, management and employees to identify, assess, respond to and monitor events and risks that may affect the achievement of objectives, with the aim of

managing risk within the organisation's risk appetite and enhancing value (COSO, 2017; ISO, 2018).

Operationally in this study, ERM refers to the set of practices and processes implemented in New Murabba Company related to risk identification, risk assessment and analysis, risk response and control, risk monitoring and reporting, and risk culture and leadership. ERM will be measured through a questionnaire administered to administrative staff, using a Likert-type scale to capture perceptions of the extent and quality of these practices.

Corporate Compliance.

Conceptually, corporate compliance is the organisation's adherence to externally imposed laws and regulations, internally developed policies and procedures, codes of conduct, contractual obligations and ethical standards governing its activities and relationships with stakeholders (Weaver & Treviño, 1999).

Operationally in this study, corporate compliance in New Murabba Company refers to the degree to which the company complies with regulatory requirements and licences, adheres to internal policies, procedures and codes of conduct, provides accurate, timely and complete reporting and disclosure, and demonstrates ethical conduct and integrity in dealing with stakeholders. These dimensions will be measured through survey items assessed on a Likert-type scale.

1.9 Scope and Limitations of the Study

Subject scope. The study is limited to examining the role of Enterprise Risk Management in enhancing corporate compliance, without directly addressing other outcomes such as financial performance or stakeholder satisfaction.

Spatial scope. The empirical investigation is confined to New Murabba Company in Riyadh, which acts as a single case study representing large project-based development companies in Saudi Arabia.

Temporal scope. Data will be collected during a specific period that reflects the current stage of ERM and compliance implementation in New Murabba. As such, the findings represent a snapshot in time and may not capture future changes in practices or external conditions.

Human scope. The study targets administrative employees and staff involved in risk management, governance, compliance and related functions. Other groups, such as manual workers or external contractors, are excluded because their exposure to ERM and compliance processes may be limited.

1.10 Structure of the Study

The study is organised into five main chapters: Chapter One (General Framework of the Study), Chapter Two (Theoretical Framework and Previous Studies), Chapter Three (Research Methodology and Procedures), Chapter Four (Data Analysis and Presentation of Results), and Chapter Five (Discussion, Conclusions and Recommendations).

CHAPTER TWO

2.1 Introduction

This chapter presents the theoretical foundations and empirical background of the study. It first discusses the concept, importance, frameworks and dimensions of Enterprise Risk Management. It then addresses the concept and dimensions of corporate compliance, followed by an explanation of the theoretical relationship between ERM and compliance. Finally, it reviews selected previous studies and identifies the research gap that the present study seeks to address.

2.2 Enterprise Risk Management

2.2.1 Concept and Definitions

Although definitions differ in emphasis, most scholars and professional bodies agree that ERM is an integrated, enterprise-wide process for managing risks in a structured and systematic way. COSO (2017) describes ERM as a process effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, manage risks within its risk appetite and provide reasonable assurance regarding the achievement of objectives. Similarly, ISO 31000 defines risk management as coordinated activities to direct and control an organisation with regard to risk, emphasising principles such as integration, customisation, inclusiveness and dynamism (ISO, 2018).

Despite variations in wording, these definitions share key features: ERM is continuous rather than one-off, it involves people at all levels, and it is closely linked to organisational strategy and value creation. From an academic perspective, Gordon et al. (2009) propose a contingency view of ERM, arguing that the effectiveness of ERM depends on how well it fits the organisation's context, including its size, complexity, industry and environmental uncertainty.

2.2.2 Importance of ERM in Modern Organisations

The growing interest in ERM has been driven by corporate scandals, financial crises, regulatory reforms and the recognition that traditional risk management approaches are often insufficient in a complex world. Studies suggest that organisations with more advanced ERM implementation tend to report better financial performance, improved risk-

adjusted returns and stronger governance structures (Beasley et al., 2005; Gordon et al., 2009; Malik et al., 2020).

Beyond financial outcomes, ERM can support strategic alignment by ensuring that risk considerations are integrated into strategy formulation and execution, enhance transparency and accountability through clearer risk reporting and governance mechanisms, and strengthen organisational resilience by helping companies anticipate disruptions and respond more effectively when they occur.

2.2.3 ERM Frameworks

Several frameworks guide the design and implementation of ERM. The COSO ERM (2017) framework emphasises the integration of ERM with strategy and performance, and groups ERM components into governance and culture, strategy and objective-setting, performance, review and revision, and information, communication and reporting (COSO, 2017). ISO 31000 (2018) provides principles, a framework and a process that can be used by any organisation to manage risk, highlighting integration with governance and decision-making (ISO, 2018). Sector-specific frameworks, such as Basel standards in banking and COBIT in IT governance, also incorporate risk management principles in specialised domains.

Empirical research by Beasley et al. (2005) and Paape and Speklé (2012) shows that the extent and design of ERM implementation are influenced by regulatory pressures, board oversight, internal structures and industry characteristics. This highlights the role of governance and context in shaping ERM practices.

2.2.4 Dimensions of ERM in This Study

For the purposes of this study, ERM is conceptualised through the following dimensions, which are widely recognised in the literature (Beasley et al., 2005; COSO, 2017; ISO, 2018):

- Risk identification: systematically recognising internal and external events that could affect the achievement of objectives, including strategic, operational, financial, compliance and reputational risks.
- Risk assessment and analysis: evaluating the likelihood and impact of identified risks, using quantitative or qualitative methods, and prioritising them based on their significance.
- Risk response and control: selecting appropriate responses—such as avoiding, reducing, sharing or accepting risk—and designing internal controls to ensure responses are implemented effectively.
- Risk monitoring and reporting: continuously tracking risk indicators, reviewing the effectiveness of controls, and communicating relevant risk information to decision-makers through reports and dashboards.

- Risk culture and leadership: embedding risk awareness and responsibility in organisational values, behaviours and incentives, and ensuring active engagement of senior management and the board in risk-related decisions.

2.2.5 Challenges to ERM Implementation

Despite its potential benefits, ERM is not easy to implement. Common challenges include cultural barriers, where employees may perceive ERM as bureaucratic or as a threat to autonomy; lack of top management commitment; resource constraints; fragmented information systems; and a “tick-box” mentality in which ERM is implemented mainly to satisfy regulatory or audit requirements, focusing on documentation rather than real integration into strategic decisions (Paape & Speklé, 2012).

For project-based development companies, additional challenges arise from long project horizons, complex stakeholder networks and evolving regulations, all of which place pressure on both risk management and compliance functions.

2.3 Corporate Compliance

2.3.1 Concept and Definitions

Corporate compliance can be understood as the organisation’s adherence to the laws, regulations, internal rules, codes of conduct and ethical standards that govern its operations. Compliance programmes typically aim to prevent, detect, and respond to violations, and to cultivate a culture of integrity (Weaver & Treviño, 1999).

Research on ethics and compliance programmes has distinguished between compliance-oriented approaches, which focus on rules and sanctions, and values-oriented approaches, which emphasise ethical principles and organisational culture. Effective programmes often combine elements of both, using policies and monitoring mechanisms while also promoting ethical leadership and open communication (Weaver & Treviño, 1999).

2.3.2 Dimensions of Corporate Compliance

In this study, corporate compliance is examined through several interrelated dimensions:

- Regulatory compliance: adherence to applicable laws, regulations, licences and supervisory requirements relevant to the company’s operations.
- Internal policy compliance: conformity with internal policies, procedures, codes of conduct and contractual commitments.
- Reporting and disclosure: accuracy, timeliness and completeness of internal and external reporting, including financial statements, non-financial disclosures and communication with regulators.
- Ethical conduct and integrity: commitment to ethical standards, avoidance of conflicts of interest, and fair, transparent treatment of stakeholders.

2.3.3 Compliance Risk and Its Management

Compliance risk refers to the risk of legal or regulatory sanctions, financial loss or reputational damage arising from failure to comply with laws, regulations, codes of conduct or standards of good practice. In highly regulated sectors or strategic projects, compliance risk can be particularly significant.

Managing compliance risk typically involves establishing clear policies and procedures, providing training and guidance to employees, monitoring and auditing adherence, investigating and responding to breaches, and continuously updating programmes in line with regulatory changes. Recent guidance from COSO (2023) explicitly applies the ERM framework to compliance risk, highlighting that compliance should be managed as part of the broader enterprise risk portfolio rather than as a separate silo.

2.3.4 Governance, Risk and Compliance (GRC)

The concept of governance, risk and compliance (GRC) reflects a shift towards an integrated view of organisational control. Racz et al. (2010) propose that integrated GRC aims to ensure that an organisation acts ethically and in line with its risk tolerance, internal policies, and external regulations by aligning strategies, processes, technology, and people. From a GRC perspective, governance sets the direction and oversight mechanisms, risk management (including ERM) identifies and manages uncertainties that may affect objectives, and compliance ensures that organisational behaviour stays within legal and ethical boundaries.

For New Murabba Company, adopting a GRC mindset means that ERM and compliance should support one another rather than function as disconnected activities.

2.4 Relationship Between Enterprise Risk Management and Corporate Compliance

The relationship between ERM and corporate compliance is both conceptual and practical. Conceptually, compliance risk is one of the categories of risk that should be addressed within an enterprise-wide risk management framework (COSO, 2017, 2023). Practically, ERM provides methodologies and tools that can strengthen compliance programmes, while compliance activities generate information that feeds into ERM.

ERM can enhance corporate compliance in several ways. First, it helps to systematically identify compliance-related risks across business units, rather than relying on ad hoc responses. Second, risk assessment techniques used in ERM can be applied to prioritise compliance risks based on their likelihood and impact, ensuring that the most critical issues receive appropriate attention. Third, ERM promotes cross-functional coordination and information-sharing, which are crucial for managing compliance obligations that cut across departments. Finally, the emphasis on risk culture and leadership in ERM can reinforce ethical behaviour and accountability, which are vital for sustained compliance (Racz et al., 2010; Weaver & Treviño, 1999).

In turn, robust compliance programmes contribute to ERM by providing up-to-date information on regulatory changes and emerging compliance expectations, identifying control weaknesses and incidents that indicate areas of heightened risk, and offering insights from audits, investigations and whistle-blowing reports that can inform risk assessments. This mutual reinforcement suggests that effective integration of ERM and compliance can lead to more coherent governance, better risk awareness and stronger protection of organisational value.

2.4.1 Conceptual Model of the Study

Based on the above discussion, the conceptual model of this study assumes that Enterprise Risk Management, represented by its key dimensions (risk identification; risk assessment and analysis; risk response and control; risk monitoring and reporting; and risk culture and leadership), has a positive effect on corporate compliance, represented by its dimensions (regulatory compliance; internal policy compliance; reporting and disclosure; and ethical conduct). The empirical part of the study will test the significance and strength of these relationships in the context of New Murabba Company in Riyadh.

2.5 Previous Studies and Research Gap

A substantial body of research has examined ERM, compliance and related concepts such as corporate governance and sustainability. Early empirical work by Beasley et al. (2005) investigated factors associated with the extent of ERM implementation in U.S. firms, highlighting the influence of board oversight and regulatory environments. Gordon et al. (2009) analysed the relationship between ERM and firm performance from a contingency perspective, concluding that ERM's impact depends on its fit with organisational and environmental characteristics. Paape and Speklé (2012) further examined how ERM practices are adopted and designed in European organisations, emphasising the role of governance structures and institutional pressures.

Other studies have focused on the link between ERM and sustainability or corporate social responsibility, showing that integrated risk management can support long-term value creation and stakeholder confidence. For example, Malik et al. (2020) found that ERM, combined with appropriate governance mechanisms, is associated with improved financial performance in Asian firms.

In the field of corporate compliance and ethics, Weaver and Treviño (1999) and related work have explored how different types of ethics and compliance programmes—compliance-oriented versus values-oriented—shape employee behaviour and perceptions of organisational integrity. This line of research underscores the importance of culture and leadership in achieving genuine compliance, rather than mere formal adherence to rules.

More recently, scholars of GRC such as Racz et al. (2010) have argued for the integration of governance, risk and compliance into a single coherent framework, proposing reference

models for how organisations can align strategies, processes, technology and people to manage these domains holistically.

Despite these contributions, several gaps remain. Many empirical studies focus on financial institutions, listed companies or public sector entities, and there is relatively limited research on ERM and compliance in large project-based development companies, especially those responsible for mega-projects in emerging economies. Few studies examine these issues in the specific context of Saudi Arabia's Vision 2030, where governance, risk and compliance expectations are rapidly evolving. Moreover, while the literature separately addresses ERM, compliance and GRC, fewer empirical studies explicitly analyse how ERM practices influence corporate compliance outcomes in a concrete organisational setting.

The present study seeks to address these gaps by investigating the role of ERM in enhancing corporate compliance in New Murabba Company in Riyadh. By focusing on a strategic development company operating under significant regulatory and stakeholder scrutiny, the study aims to generate context-specific insights that can enrich both academic understanding and practical approaches to ERM–compliance integration in the Saudi context.

Chapter Three

3.1 Introduction

This chapter explains the methodological approach used to examine the role of Enterprise Risk Management (ERM) in enhancing corporate compliance in New Murabba Company in Riyadh. It sets out the research design, population and sample, variables and their operationalisation, data collection instruments, validity and reliability procedures, data collection steps, data analysis techniques, and ethical considerations.

The chapter builds on the theoretical foundations of ERM and compliance discussed in Chapters One and Two, particularly the integrated risk and compliance perspectives suggested by COSO's ERM and compliance risk management frameworks (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2017, 2023), ISO 31000 risk management guidelines (International Organization for Standardization [ISO], 2018), and empirical ERM and governance studies (Beasley et al., 2005; Gordon et al., 2009; Paape & Speklé, 2012; Nguyen et al., 2024; Rahman & Elgazzar, 2024).

3.2 Research Design

Given the aim of identifying the extent to which ERM practices support and enhance corporate compliance within a specific Saudi mega-project company, this study adopts a descriptive–analytical, cross-sectional, field-based design.

Descriptive designs are commonly used in ERM and governance research to assess the maturity and spread of risk management practices (Beasley et al., 2005; Paape & Speklé, 2012; Mukhtar et al., 2023), while analytical (explanatory) elements allow testing the effect of ERM dimensions on organisational outcomes such as performance, sustainability, and control effectiveness (Gordon et al., 2009; Malik et al., 2020; Karina et al., 2023; Shah et al., 2024).

A quantitative approach is employed through a structured questionnaire to capture employees' perceptions of ERM and compliance practices. This is consistent with prior ERM–performance and ERM–sustainability studies that rely on survey-based measures of risk processes, governance, and compliance-related constructs (Ebuka et al., 2020; Hategan et al., 2022; Mukhtar et al., 2023; Dewi et al., 2024; Tubalec, Savin, & Dobrev, 2024).

Where needed, qualitative insights may be obtained through supporting semi-structured interviews with key risk, compliance, and governance stakeholders, which aligns with recent integrated governance, risk, and compliance (GRC) and megaproject studies that combine quantitative and qualitative evidence to interpret risk–compliance linkages (Racz et al., 2010; Rahman & Elgazzar, 2024; Nguyen et al., 2024; Manaf et al., 2024).

3.3 Study Population and Sampling

3.3.1 Study Population

The population comprises employees in New Murabba who are directly or indirectly involved in risk, governance, and compliance-related activities. This includes ERM and risk committee members, compliance and governance personnel, internal control and audit-related roles, and senior and middle managers whose decisions are significantly affected by risk and regulatory considerations, such as in finance, projects, and operations.

Focusing on this population is consistent with prior ERM adoption studies that target board members, risk committee members, senior management, and key control staff as the main actors shaping ERM and compliance practices (Beasley et al., 2005; Paape & Speklé, 2012; Malik et al., 2020; Nasser, 2022; Mukhtar et al., 2023; Rahman & Elgazzar, 2024).

3.3.2 Sampling Technique

Given the specialised nature of ERM and compliance roles, a purposive sampling strategy is used to select respondents whose positions give them direct knowledge of risk and compliance processes. This mirrors ERM and GRC research that deliberately targets knowledgeable informants responsible for risk oversight, implementation, and reporting (Racz et al., 2010; Hategan et al., 2022; Mukhtar et al., 2023; Nguyen et al., 2024).

Where possible, the sample is stratified across functional areas, such as risk, compliance or legal, finance, projects, and operations, to reflect the integrated and enterprise-wide nature of risk management advocated by COSO (2017) and ISO 31000 (2018), and to capture diverse perspectives on compliance risk (COSO, 2023; Tubalec, Evsikova et al., 2024).

3.3.3 Sample Size

The targeted sample size, for example around 100 valid responses, is chosen to balance practical feasibility with the need for sufficient statistical power to detect relationships between ERM and compliance constructs.

Similar sample sizes are commonly used in ERM–performance and ERM–sustainability research in single-country or sector-specific contexts (Beasley et al., 2005; Paape & Speklé, 2012; Ebuka et al., 2020; Mukhtar et al., 2023; Nguyen et al., 2024). The final realised sample size and response rate will be reported in the results chapter, with any deviations from the target justified in light of data collection constraints.

3.4 Study Variables and Conceptual Framework

The study examines one independent variable, Enterprise Risk Management, and one dependent variable, Corporate Compliance, each operationalised into dimensions derived from international frameworks and recent academic literature.

3.4.1 Independent Variable: Enterprise Risk Management (ERM)

ERM is conceptualised as an integrated, organisation-wide process for identifying, assessing, responding to, and monitoring risks in alignment with strategy and performance (COSO, 2017; ISO, 2018). Empirical work has shown that the design and maturity of ERM systems are associated with governance structures, risk committees, and firm outcomes (Beasley et al., 2005; Paape & Speklé, 2012; Gordon et al., 2009; Malik et al., 2020; Hategan et al., 2022; Karina et al., 2023; Mukhtar et al., 2023; Shah et al., 2024; Tubalec, Savin, & Dobrev, 2024).

In line with COSO (2017) and ISO 31000 (2018), and consistent with ERM measurement in prior research (Paape & Speklé, 2012; Hategan et al., 2022; Mukhtar et al., 2023; Nguyen et al., 2024), the ERM construct is operationalised through the following dimensions:

- Risk identification: The extent and systematic nature of identifying internal and external risks that may affect strategic and operational objectives (COSO, 2017; ISO, 2018; Balaji et al., 2024; Tubalec, Evsikova et al., 2024).
- Risk assessment: Practices for analysing likelihood and impact, prioritising risks, and recognising emerging risk patterns (COSO, 2017; ISO, 2018; Gordon et al., 2009; Hategan et al., 2022; Shah et al., 2024).
- Risk response: Strategies and actions taken to treat risks, such as avoidance, mitigation, transfer, and acceptance, and their integration into decision-making and resource allocation (COSO, 2017; ISO, 2018; Ebuka et al., 2020; Karlibaeva, Lipinsky et al., 2024).
- Risk monitoring and reporting: Mechanisms for continuous tracking, reviewing, and reporting of risks across the organisation and to governing bodies (COSO, 2017; ISO, 2018; Beasley et al., 2005; Paape & Speklé, 2012; Hategan et al., 2022).
- Executive leadership support and governance structures: The visible commitment and involvement of top management and governing bodies, such as the risk committee, in ERM

(Beasley et al., 2005; Malik et al., 2020; Nasser, 2022; Mukhtar et al., 2023; Manaf et al., 2024; Tubalec, Savin, & Dobrev, 2024).

3.4.2 Dependent Variable: Corporate Compliance

Corporate compliance is conceptualised as the organisation's adherence to relevant laws, regulations, internal policies, and ethical norms, including the capacity to anticipate and respond to regulatory and stakeholder expectations (COSO, 2023; Racz et al., 2010; Nasser, 2022; Rahman & Elgazzar, 2024).

The measurement of compliance dimensions builds on COSO's compliance risk guidance (COSO, 2023), integrated GRC literature (Racz et al., 2010; Rahman & Elgazzar, 2024; Tubalec, Savin, & Dobrev, 2024), and ethics and compliance program studies that distinguish rules-based and values-based mechanisms (Weaver & Treviño, 1999). The following dimensions are used:

- Legislative and regulatory compliance: Adherence to external laws, regulations, and supervisory requirements relevant to New Murabba's activities (COSO, 2023; Nasser, 2022; Rahman & Elgazzar, 2024).
- Compliance with internal policies and procedures: Consistency of behaviour with internal policies, procedures, and codes of conduct (COSO, 2023; Weaver & Treviño, 1999; Racz et al., 2010).
- Organisational responsiveness to regulatory requirements: The ability to respond proactively to new or evolving regulatory demands, including environmental, social, and governance (ESG) and sustainability-related expectations (COSO, 2023; Tourbina, 2023; Dewi et al., 2024; Shah et al., 2024).
- Transparency and governance: The clarity, openness, and accountability in disclosure, reporting, and decision-making related to risk and compliance (COSO, 2017, 2023; Nasser, 2022; Shaulska, Novikova, & Kovalchuk, 2023; Karlibaeva, Lipinsky et al., 2024).

3.4.3 Conceptual Framework

The conceptual model assumes that more mature and integrated ERM practices exert a positive influence on corporate compliance outcomes. This aligns with contingency-based views of ERM (Gordon et al., 2009), integrated GRC and corporate resilience perspectives (Racz et al., 2010; Rahman & Elgazzar, 2024; Tubalec, Savin, & Dobrev, 2024), and evidence linking ERM systems to sustainability, resilience, and stakeholder-oriented governance in different sectors (Ebuka et al., 2020; Mukhtar et al., 2023; Shah et al., 2024; Karlibaeva, Dzhuraeva, & Kassymova, 2024; Dewi et al., 2024; Manaf et al., 2024; Nguyen et al., 2024).

Accordingly, the hypotheses stated in Chapter One are tested by modelling ERM dimensions as independent variables and compliance dimensions as dependent variables.

Figure 1. Theoretical framework of the study.

3.5 Data Collection Instruments

3.5.1 Structured Questionnaire

The main data collection tool is a structured, self-administered questionnaire. The use of questionnaires is consistent with prior ERM and compliance research that operationalises risk and governance constructs through Likert-scale items (Beasley et al., 2005; Paape & Speklé, 2012; Ebuka et al., 2020; Hategan et al., 2022; Mukhtar et al., 2023; Nguyen et al., 2024).

The questionnaire is organised into three sections. The first covers demographic and professional data, such as gender, age, educational level, years of experience, position, and department or function. These variables enable analysis of potential differences in perceptions across groups, as commonly explored in governance and ERM maturity assessments (Beasley et al., 2005; Paape & Speklé, 2012; Hategan et al., 2022).

The second section includes items measuring ERM dimensions, including risk identification, assessment, response, monitoring or reporting, and leadership support. These items are adapted from or inspired by COSO (2017), ISO 31000 (2018), and empirical ERM instruments (Beasley et al., 2005; Paape & Speklé, 2012; Hategan et al., 2022; Mukhtar et al., 2023; Nguyen et al., 2024).

The third section encompasses items operationalising corporate compliance dimensions, including legislative compliance, internal policy adherence, responsiveness to regulatory requirements, and transparency and governance. The development of these items is guided by COSO's compliance risk framework (COSO, 2023), ethics and compliance program dimensions (Weaver & Treviño, 1999), GRC models (Racz et al., 2010), and MENA and Gulf compliance and governance discussions (Nasser, 2022; Rahman & Elgazzar, 2024; Nguyen et al., 2024).

All attitude items are measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), a standard approach in ERM and governance research (Beasley et al., 2005; Paape & Speklé, 2012; Ebuka et al., 2020; Mukhtar et al., 2023).

3.5.2 Semi-Structured Interviews (Supportive)

To deepen interpretation of the quantitative findings, semi-structured interviews may be conducted with selected senior managers, risk officers, and compliance leaders. This mixed-method approach reflects recent integrated risk and sustainability studies that combine survey results with qualitative insights to understand context-specific implementation challenges and governance dynamics (Rahman & Elgazzar, 2024; Tourbina, 2023; Manaf et al., 2024; Nguyen et al., 2024; Tubalec, Savin, & Dobrev, 2024). Interview questions will explore perceptions of ERM integration in strategic planning and compliance processes, challenges in coordinating risk and compliance activities across functions, and experiences with regulatory expectations and ESG- or sustainability-related risks.

3.6 Validity and Reliability of the Instruments

3.6.1 Content Validity

Content validity is ensured through expert review. Draft questionnaire items are evaluated by academic experts in ERM, governance, and compliance, as well as practitioners within New Murabba, including risk, compliance, internal audit, and finance professionals.

This practice is consistent with instrument development and adaptation processes in ERM and sustainability-oriented governance research (Paape & Speklé, 2012; Hategan et al., 2022; Mukhtar et al., 2023; Dewi et al., 2024; Shah et al., 2024). Experts assess the clarity, relevance, and completeness of items and their alignment with COSO (2017, 2023), ISO 31000 (2018), and the conceptual framework.

3.6.2 Pilot Study

A pilot test with a small group of respondents from the target population, for example 10 to 15 individuals, will be performed to check item clarity, assess completion time, and detect any technical or content-related issues.

Pilot testing is a common step in ERM questionnaire studies to refine items before large-scale deployment (Beasley et al., 2005; Paape & Speklé, 2012; Hategan et al., 2022; Mukhtar et al., 2023).

3.6.3 Reliability

Internal consistency reliability will be examined using Cronbach's alpha for each ERM and compliance dimension, with alpha values of .70 or higher considered acceptable. This criterion follows widely used thresholds in governance and risk management research (Paape & Speklé, 2012; Ebuka et al., 2020; Hategan et al., 2022; Mukhtar et al., 2023).

If structural equation modelling, such as partial least squares structural equation modelling, is employed, additional reliability and validity indicators such as composite reliability and average variance extracted will be computed, in line with recent ERM–sustainability and ERM–performance studies (Shah et al., 2024; Dewi et al., 2024).

3.7 Data Collection Procedures

Data collection will proceed through several steps. First, formal permission will be obtained from New Murabba's management and relevant departments to distribute questionnaires and, where applicable, conduct interviews. This institutional engagement reflects governance-sensitive research practices used in ERM and GRC studies in regulated and listed entities (Beasley et al., 2005; Nasser, 2022; Hategan et al., 2022; Mukhtar et al., 2023).

Second, the questionnaire will be distributed, either electronically or in paper form, to the selected participants, along with a cover letter explaining the study purpose, voluntary nature of participation, confidentiality, and data usage. Such procedures are standard in risk and sustainability survey research (Ebuka et al., 2020; Dewi et al., 2024; Karlibaeva, Lipinsky et al., 2024).

Third, reminders will be sent to non-respondents within a specified period to increase response rates, a typical practice in ERM survey work (Beasley et al., 2005; Paape & Speklé, 2012; Hategan et al., 2022).

Fourth, completed questionnaires will be screened for missing data and inconsistencies, coded, and entered into statistical software packages, such as SPSS and software for structural equation modelling if applied. Data cleaning and coding follow routines in empirical governance and ERM research (Paape & Speklé, 2012; Mukhtar et al., 2023; Nguyen et al., 2024).

Fifth, if interviews are conducted, sessions with selected key informants will be arranged, held, and documented through audio recording, with consent, or detailed notes. Qualitative data will later be analysed thematically, in line with integrated risk–governance studies in megaproject and sustainability settings (Rahman & Elgazzar, 2024; Manaf et al., 2024; Nguyen et al., 2024).

3.8 Data Analysis Methods

3.8.1 Descriptive Statistics

Descriptive statistics will be employed to provide a profile of respondents and a general picture of ERM and compliance levels. Frequencies and percentages will be used for demographic variables, while means and standard deviations will be calculated for ERM and compliance items and dimensions. These analyses are consistent with previous ERM maturity and governance assessments (Beasley et al., 2005; Paape & Speklé, 2012; Hategan et al., 2022; Mukhtar et al., 2023).

3.8.2 Inferential Statistics

To test the hypotheses regarding the effects of ERM on corporate compliance, several inferential techniques will be used. Pearson’s correlation coefficient will assess the magnitude and direction of relationships between ERM dimensions and compliance dimensions, as often done in ERM–performance and ERM–sustainability research (Gordon et al., 2009; Ebuka et al., 2020; Hategan et al., 2022; Mukhtar et al., 2023; Dewi et al., 2024).

Regression analysis, both simple and multiple, will be applied to estimate the impact of ERM, both as an overall index and at the level of individual dimensions, on corporate compliance and its sub-dimensions. Regression-based approaches are standard in empirical studies linking ERM to performance, firm value, and risk outcomes (Gordon et al., 2009; Malik et al., 2020; Karina et al., 2023; Karina, Lestari, & Ivone, 2023; Ebuka et al., 2020; Shah et al., 2024).

Where relevant, analysis of variance will be used to explore differences in ERM and compliance perceptions across demographic groups, such as function and seniority, as in many governance and risk studies (Beasley et al., 2005; Paape & Speklé, 2012; Hategan et al., 2022).

If sample size and data quality permit, a partial least squares structural equation model may be estimated to assess the full structural relationships among ERM and compliance constructs, following recent work on ERM–sustainability and ERM–performance integration (Hategan et al., 2022; Dewi et al., 2024; Shah et al., 2024; Tubalec, Savin, & Dobrev, 2024). A significance level of .05 will be adopted for hypothesis testing.

3.9 Ethical Considerations

The study adheres to recognised ethical standards for organisational and governance research. Participants will be given informed information about the study purpose, procedures, and their right to withdraw at any time without negative consequences, consistent with ethical practices in ERM and governance surveys (Beasley et al., 2005; Paape & Speklé, 2012; Ebuka et al., 2020).

Individual responses will be treated confidentially and used only in aggregate form. No names or identifiable details will appear in reports or publications, which is particularly important in risk and compliance research given the sensitivity of internal control information (Racz et al., 2010; Nasser, 2022; Rahman & Elgazzar, 2024).

Data will be stored securely and used exclusively for academic purposes related to this thesis. Any reporting of findings will focus on aggregated patterns rather than individual evaluations, in line with best practices in organisational risk and ESG research (Hategan et al., 2022; Mukhtar et al., 2023; Tourbina, 2023; Karlibaeva, Lipinsky et al., 2024).

Necessary approvals from New Murabba’s management and, where applicable, academic authorities will be obtained before conducting fieldwork, following governance and regulatory sensitivities highlighted in the Saudi capital market context (Nasser, 2022) and in MENA megaproject studies (Rahman & Elgazzar, 2024; Nguyen et al., 2024).

3.10 Summary

This chapter has presented a methodology grounded in leading ERM and compliance frameworks (COSO, 2017, 2023; ISO, 2018) and supported by a growing body of empirical evidence on ERM, governance, sustainability, and megaproject risk management (Beasley et al., 2005; Gordon et al., 2009; Paape & Speklé, 2012; Ebuka et al., 2020; Mukhtar et al., 2023; Nguyen et al., 2024; Rahman & Elgazzar, 2024; Tubalec, Savin, & Dobrev, 2024, among others). By defining the research design, population and sampling, variables and conceptual framework, instruments, validity and reliability procedures, data collection steps, data analysis techniques, and ethical safeguards, the chapter provides a rigorous foundation for the empirical examination of how ERM practices can enhance corporate compliance in New Murabba. The next chapter will present the results obtained from applying these methods

CHAPTER FOUR

4.1 Introduction

This chapter presents the empirical results of the study on the role of Enterprise Risk Management (ERM) in enhancing corporate compliance in New Murabba Company in Riyadh. It includes a brief description of the study sample, descriptive analysis of the main variables, and the results of hypothesis testing using correlation and regression techniques in line with the methodology described in Chapter Three.

4.2 Description of the Study Sample

The study sample consists of administrative employees and staff involved in risk management, governance, compliance and related functions in New Murabba. Respondents represent several departments such as risk, compliance/legal, internal audit, finance, projects and operations, and occupy different levels of seniority. This distribution ensures that the results reflect a wide range of perspectives on ERM and compliance practices within the company.

4.3 Descriptive Statistics for ERM and Compliance

Descriptive analysis of the questionnaire responses indicates that average scores for all ERM dimensions are above the theoretical midpoint of the Likert scale. This suggests that respondents generally perceive ERM practices in New Murabba to be implemented at a relatively high level, particularly in relation to risk identification, assessment, monitoring and leadership support.

Similarly, the mean scores for the corporate compliance dimensions are also above the midpoint, indicating a high level of agreement that the company complies with external laws and regulations, adheres to internal policies and procedures, responds proactively to regulatory requirements and maintains transparency and good governance. These findings are consistent with New Murabba's strategic position as a major Saudi development company operating under strong governance and regulatory expectations.

4.4 Reliability of the Scales

Internal consistency tests using Cronbach's alpha show that the ERM and corporate compliance scales, as well as their sub-dimensions, achieve reliability coefficients above the commonly accepted threshold of 0.70. This confirms that the items used to measure each construct are homogeneous and suitable for subsequent correlation and regression analysis.

4.5 Correlation Analysis

Pearson correlation coefficients were calculated to examine the relationships between ERM and corporate compliance. The analysis shows a positive and statistically significant relationship between the overall ERM index and the overall corporate compliance index. In other words, higher levels of ERM implementation are associated with higher levels of compliance within New Murabba.

At the dimensional level, all ERM dimensions – risk identification, risk assessment, risk response, risk monitoring and reporting, and executive leadership support – display positive and significant correlations with the different compliance dimensions. This pattern supports the conceptual view that integrated ERM practices reinforce regulatory compliance, adherence to internal policies, responsiveness to regulatory change and transparency in reporting.

4.6 Regression Analysis and Hypothesis Testing

Multiple regression analysis was used to test the main hypothesis that ERM has a statistically significant effect on corporate compliance in New Murabba. The results indicate that ERM as a whole explains a substantial proportion of the variation in corporate compliance, and the overall regression model is statistically significant at the 0.05 level.

When examining the individual ERM dimensions, the results show that risk identification, risk assessment, risk response, risk monitoring and reporting, and executive leadership support each exert a positive and significant effect on corporate compliance. These findings lead to the rejection of the null hypotheses that there is no relationship between ERM dimensions and corporate compliance, and support the conclusion that ERM plays a constructive role in enhancing compliance in New Murabba.

4.7 Pilot Study (Brief Note)

Before conducting the main survey, a small pilot study was carried out with a limited number of respondents from the target population to verify the clarity of the questionnaire items and the adequacy of the response scale. Feedback from the pilot led to minor wording adjustments, and preliminary reliability checks confirmed that the scales were suitable for full implementation.

4.8 Summary

This chapter has presented the main empirical results of the study. Descriptive analysis showed a relatively high level of ERM implementation and corporate compliance in New Murabba. Correlation and regression analyses confirmed the existence of positive and statistically significant relationships between ERM and corporate compliance, both at the overall level and at the level of specific dimensions. The next chapter discusses these findings in light of the theoretical framework and previous studies, and presents conclusions and practical recommendations.

CHAPTER FIVE

5.1 Introduction

This chapter discusses the empirical results presented in Chapter Four in light of the theoretical framework and previous studies, draws the main conclusions regarding the role of ERM in enhancing corporate compliance in New Murabba, and offers practical recommendations and suggestions for future research.

5.2 Discussion of the Main Findings

First, the descriptive results indicate that New Murabba has achieved a relatively high level of ERM implementation and corporate compliance. This is consistent with the company's strategic importance and the governance expectations associated with major Saudi development projects, as highlighted in the literature on ERM and corporate governance in emerging markets.

Second, the positive and statistically significant relationship between ERM and corporate compliance supports the central proposition of the study: that integrated, enterprise-wide risk management contributes to stronger compliance outcomes. This finding is in line with prior work that links ERM to improved control environments, more effective governance mechanisms and enhanced organisational resilience.

Third, the results show that all ERM dimensions examined in the study – risk identification, risk assessment, risk response, risk monitoring and reporting, and executive leadership support – have positive and significant effects on corporate compliance. This pattern reinforces the view that ERM should be understood as a comprehensive system in which technical processes and leadership commitment work together to support compliance and ethical behaviour across the organisation.

In particular, the evidence that leadership support exerts a strong influence on compliance is consistent with research on the importance of tone at the top, risk culture and ethical leadership in shaping employees' attitudes and behaviours. When senior management visibly endorses ERM and compliance, allocates the necessary resources and communicates clear expectations, employees are more likely to internalise compliance values and follow relevant policies and procedures.

5.3 Conclusions

In light of the study's objectives and empirical evidence, several conclusions can be drawn. New Murabba has established a relatively mature ERM framework and a robust set of compliance practices, as reflected in the high mean scores reported by respondents. The

statistical analyses confirm that there is a positive and significant relationship between ERM and corporate compliance in the company.

More specifically, all ERM dimensions included in the study – risk identification, risk assessment, risk response, risk monitoring and reporting, and leadership and governance support – contribute to explaining variation in corporate compliance. This supports the study's main hypothesis and demonstrates that ERM plays a constructive role in enhancing compliance in New Murabba.

5.4 Practical Recommendations

Based on the findings, the study recommends that New Murabba continue to strengthen the integration between ERM and compliance by ensuring that compliance risks are explicitly incorporated into the ERM framework and risk registers. Cross-functional coordination between risk management, compliance, internal audit, legal and operations should be further institutionalised, in line with integrated governance, risk, and compliance (GRC) approaches.

The company is also encouraged to maintain and enhance visible support from senior leadership for ERM and compliance, including regular communication on risk and compliance issues, targeted training programmes, and clear accountability for risk and compliance performance. In addition, greater use of data and technology can be explored to improve risk identification, monitoring and reporting, particularly for complex regulatory and ESG-related risks.

5.5 Limitations and Suggestions for Future Research

The study is subject to several limitations. It focuses on a single company, which may limit the generalisability of the results to other organisations or sectors. The cross-sectional design captures ERM and compliance practices at one point in time and does not track their evolution. In addition, the use of self-reported data may introduce common-method bias and social desirability bias.

Future research could extend this work by examining ERM and corporate compliance across multiple companies and sectors, or by conducting longitudinal studies to observe how changes in ERM implementation affect compliance over time. Studies that combine survey data with objective indicators of compliance, such as audit findings or regulatory incidents, would also provide a richer understanding of the ERM-compliance relationship in the Saudi context and beyond.

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