

# Knowledge Management and Enterprise Risk Management Implementation in Financial Services

Eduardo Rodriguez  
John S. Edwards

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## **Abstract**

This paper starts from the viewpoint that enterprise risk management (ERM) is a specific application of knowledge in order to control deviations from strategic objectives, shareholders' values and stakeholders' relationships. This study is looking for insights into how the application of knowledge management processes can improve the implementation of ERM. This article presents the preliminary results of a survey on this topic carried out in the financial services sector, extending a previous pilot study that was in retail banking only.

Five hypotheses about the relationship of knowledge management variables to the perceived value of ERM implementation were considered. The survey results show that the two people-related variables, perceived quality of communication among groups and perceived quality of knowledge sharing, were positively associated with the perceived value of ERM implementation. However, the results did not support a positive association for the three variables more related to technology, namely network capacity for connecting people (which was marginally significant), risk management information system functionality and perceived integration of the information systems. Perceived quality of communication among groups appeared to be clearly the most significant of these five factors in affecting the perceived value of ERM implementation.

### **Key Words:**

*Knowledge Management, Enterprise Risk Management, Financial Services, Information Systems, Knowledge Sharing, Knowledge Management Systems.*