Multidisciplinary Indonesian Center Journal (MICJO)
Journal page is available to
https://e-jurnal.jurnalcenter.com/index.php/micjo
Email: admin@jurnalcenter.com

THE ROLE OF CORPORATE GOVERNANCE IN STRENGTHENING ORGANIZATIONAL RISK MANAGEMENT: A SYSTEMATIC LITERATURE REVIEW

PERAN TATA KELOLA PERUSAHAAN DALAM PENGUATAN MANAJEMEN RISIKO ORGANISASI: TINJAUAN LITERATUR SISTEMATIS

Fardhan M Nur Poloalo[1], Fityan Halid[2], Sahmin Noholo[3]

[1*]Gorontalo State University, Email: abangpoloalo98@gmail.com
[2]Gorontalo State University, Email: fityanhalid@gmail.com
[3]Gorontalo State University, Email: Sahmin.noholo@ung.ac.id

*email koresponden: abangpoloalo98@gmail.com

DOI: https://doi.org/10.62567/micjo.v3i1.1957

Abstract

The increasing complexity and uncertainty of the organizational environment demands a management system capable of anticipating various risks in a structured manner. Enterprise Risk Management (ERM) is a comprehensive approach to managing organizational risk, but its implementation often fails to run optimally without the support of strong corporate governance. This study aims to examine the role of corporate governance in strengthening organizational risk management through a systematic literature review. The research method used is a Systematic Literature Review (SLR) of relevant national and international journals. The results of the study indicate that corporate governance plays a strategic role in ensuring the effectiveness of ERM implementation through oversight mechanisms, clarity of responsibilities, and the integration of risk into strategic decision-making. This study provides a conceptual contribution by presenting a synthesis of the literature on the relationship between governance and risk management as a basis for developing more transparent and accountable organizational practices.

Keywords : Corporate governance, enterprise risk management, risk management, risk governance.

Abstrak

Meningkatnya kompleksitas dan ketidakpastian lingkungan organisasi menuntut adanya sistem pengelolaan yang mampu mengantisipasi berbagai risiko secara terstruktur. Enterprise Risk Management (ERM) sebagai pendekatan komprehensif dalam pengelolaan risiko organisasi, namun implementasinya sering kali belum berjalan optimal tanpa dukungan tata kelola perusahaan yang kuat. Penelitian ini bertujuan untuk mengkaji peran tata kelola perusahaan dalam penguatan manajemen risiko organisasi melalui pendekatan tinjauan literatur sistematis. Metode penelitian yang digunakan adalah Systematic Literature Review (SLR) terhadap jurnal nasional dan internasional yang relevan. Hasil kajian menunjukkan bahwa tata kelola perusahaan berperan strategis dalam memastikan efektivitas penerapan ERM melalui mekanisme pengawasan, kejelasan tanggung jawab, serta integrasi risiko dalam pengambilan keputusan strategis. Penelitian ini memberikan kontribusi konseptual dengan menyajikan sintesis literatur mengenai hubungan tata kelola dan manajemen risiko sebagai dasar pengembangan praktik organisasi yang lebih transparan dan akuntabel.

Kata Kunci : Tata kelola perusahaan, enterprise risk management, manajemen risiko, risk governance.

1. INTRODUCTION

The organizational environment in the era of globalization is characterized by increasing levels of uncertainty and complexity, thereby raising the potential risks faced by organizations in both the public and private sectors (Amir et al., 2024). Risk is no longer limited to financial aspects but has expanded to operational, strategic, compliance, reputation, and organizational sustainability risks. These conditions demand that organizations possess a management system capable of identifying, controlling, and responding to risks in an integrated manner within the strategic decision-making process. In this context, corporate governance and risk management have become two fundamental and interconnected elements in maintaining organizational sustainability.

Corporate governance is understood as a set of mechanisms governing the relationship between management, the board of supervisors, and stakeholders to ensure that the organization is managed transparently, accountably, and responsibly. The implementation of Good Corporate Governance (GCG) principles plays a role in creating an effective oversight system and minimizing potential risks resulting from uncontrolled managerial decision-making. Zega (2023) states that good corporate governance functions as an instrument for organizational risk mitigation through the establishment of a clear and systematic control structure. These findings indicate that corporate governance serves not only as an oversight mechanism but also as a strategic element in organizational risk management.

Research by Lokaputra et al. (2022) demonstrates that the quality of corporate governance influences the level of risk management disclosure. Organizations with strong governance mechanisms tend to have higher risk transparency, enabling stakeholders to understand and evaluate the risks faced by the organization more comprehensively. This emphasizes that corporate governance plays a vital role in shaping organizational behavior regarding risk management and reporting.

As risk complexity increases, many organizations adopt the Enterprise Risk Management (ERM) approach as a holistic risk management framework. ERM positions risk as an integral part of organizational strategy and encourages cross-functional risk management. However, in practice, ERM implementation is often not optimal. Faisal & Hasan (2022) reveal that ERM implementation that is not integrated with the corporate governance system risks being merely administrative and failing to contribute significantly to strategic decision-making. This finding underscores the importance of corporate governance in strengthening the effectiveness of organizational risk management.

Kusuma et al. (2024) found that corporate governance mechanisms, particularly the existence of risk monitoring committees, play a role in improving the quality of risk management disclosure. A clear governance structure allows for continuous risk monitoring and transparent reporting. The results of this study indicate that corporate governance functions as an institutional framework that supports the strengthening of organizational risk management.

Similar results were shown by Wijayanti et al. (2022), stating that the roles of the board of commissioners and audit committees contribute to increased ERM disclosure, particularly in the banking sector. These findings reinforce the view that corporate governance is a key element in ensuring risks are managed and communicated systematically to stakeholders. Handayani (2017) emphasizes that integrating ERM into the corporate governance system can enhance organizational sustainability and value. Integrated ERM enables organizations to respond to risks proactively and strategically, ensuring that risk management is not merely reactive but becomes part of the planning and decision-making processes.

Furthermore, Setyawan (2019) shows that corporate governance and ownership structures affect the level of financial risk disclosure. This indicates that corporate governance not only influences the internal process of risk management but also determines the quality of risk communication to the public. Astina and Ayem add that ERM disclosure is part of strategic governance practices oriented toward long-term organizational value creation.

In a broader context, Yudiansyah and Burhany link risk management with sustainability practices through ESG disclosure within the corporate governance framework. This study shows that effective risk governance supports organizational legitimacy and increases stakeholder trust. Meanwhile, Rahmi and Widyastuti (2025), through a systematic literature review approach, identify that the link between corporate governance, ERM, and internal control is a dominant theme in risk management research.

Although various studies have discussed the relationship between corporate governance and risk management, most studies still focus on quantitative variable testing. Studies that specifically synthesize the role of corporate governance in strengthening organizational risk management through conceptual approaches and systematic literature reviews remain relatively limited, especially in the Indonesian context. In this study, strengthening risk management is understood as the process of integrating ERM into the corporate governance structure so that risk becomes part of strategic organizational decision-making, rather than just an administrative activity.

Based on the aforementioned description, this study aims to examine the role of corporate governance in strengthening organizational risk management through a systematic literature review approach. This research is expected to provide a theoretical contribution in the form of a conceptual synthesis regarding the integration of corporate governance and risk management, as well as serve as a reference for the development of more transparent, accountable, and sustainable governance practices.

2. RESEARCH METHOD

The research method used in this article is a Systematic Literature Review (SLR), which is a structured research approach conducted to identify, evaluate, and synthesize Enterprise Risk Management literature as the foundation for this research's analytical framework (Anton & Nucu, 2020). The SLR is implemented through standardized stages, including the formulation of the research focus and questions, the establishment of inclusion and exclusion criteria, literature searching through credible scientific databases, and the screening and analysis process of the selected articles (Nugraha, 2025).

In this study, the SLR is utilized to comprehensively examine literature discussing the role of corporate governance in strengthening organizational risk management, specifically through the integration of Enterprise Risk Management (ERM) into organizational structures and decision-making. The literature search was conducted on national and international scientific journal articles published within a specific timeframe, focusing on studies that present empirical and conceptual perspectives regarding the link between corporate governance and risk management. The results of this systematic literature review are expected to provide a comprehensive understanding of research finding patterns, research gaps, and theoretical implications related to the strengthening of risk management within a corporate governance framework.

3. RESULT AND DISCUSSION

a. The Role of Corporate Governance in Strengthening Organizational Risk Management

Corporate governance is established as an institutional mechanism that supports organizations in managing risks effectively. The literature indicates that Good Corporate Governance (GCG) principles—such as transparency, accountability, and fairness—form the primary foundation for preventing and mitigating risks that could disrupt organizational stability. The implementation of GCG encourages stricter oversight of decision-making processes, ensuring that risks are identified and addressed in a timely manner. Zega (2023) asserts that GCG helps mitigate performance management risks through clear and systematic control structures.

In line with this, Lokaputra et al. (2022) found that the quality of corporate governance has a positive effect on the level of risk management disclosure. Organizations with strong governance structures tend to be more open in disclosing both financial and non-financial risks. This indicates that corporate governance influences not only internal risk management processes but also the quality of risk communication to stakeholders.

Furthermore, research by Lumban Tobing et al. (2024) shows that GCG principles, such as transparency and accountability, can enhance a company's resilience against financial risks that may threaten business continuity. GCG helps organizations recognize potential risks early and establish effective mitigation strategies, thereby contributing to more systematic and sustainable risk management. Other findings suggest that the consistent application of GCG principles—transparency, accountability, independence, and responsibility—contributes to building a more structured and reliable risk management system (Muslih & Maghfiroh, 2023).

Empirical literature also demonstrates a close relationship between corporate governance mechanisms and effective risk management practices. A study by Kusuma et al. (2024) found that governance mechanisms, such as board independence, the presence of an audit committee, and a risk monitoring committee, contribute to improving the quality of risk management disclosure. In other words, a strong governance structure drives higher transparency in risk reporting, which in turn increases organizational accountability to stakeholders. Within the banking industry, research by Wijayanti et al. (2022) found that governance components—including the board of directors, audit committee, institutional ownership, and ownership concentration—positively impact the implementation of Enterprise Risk Management (ERM), a holistic approach to risk management.

A good governance approach also enhances the effectiveness of the internal audit function in risk management. Alfina & Utama (2025) state that internal auditors play a vital role as the first line of defense in risk management, helping to identify and address operational, reputational, and fraud risks, all of which are part of modern corporate governance.

Several other empirical studies reinforce the role of corporate governance in risk management. Aziza & Aviola (2024) show that strong governance mechanisms encourage better risk management practices in the banking industry, ultimately contributing to more stable financial performance. Meanwhile, Setyawan (2019) found that independent commissioners and audit committees correlate positively with financial risk disclosure levels, proving that corporate governance is linked to risk transparency and accountability.

Research by Zulaikha & Murtanto (2023) emphasizes that corporate governance consists of processes and structures engineered to guide senior management in risk-related decision-making, ensuring the achievement of organizational goals. Beyond the Indonesian context, Ellul (2015), in a cross-country study, demonstrates that a strong risk management function within corporate governance can withstand large risk exposures and drive long-term value creation.

Thus, the literature synthesis shows that corporate governance plays a critical role in enhancing risk management through several mechanisms: (1) providing an effective oversight structure; (2) increasing transparency and accountability in reporting; (3) integrating the ERM framework into strategic practices; and (4) strengthening the internal audit function. The integration of corporate governance and risk management not only improves the effectiveness of risk mitigation but also strengthens stakeholder trust in the organization.

b. Integration of Enterprise Risk Management (ERM) into the Corporate Governance Structure

Enterprise Risk Management (ERM) is understood as a holistic and integrated risk management approach where risk is treated as part of the organizational strategy. Literature reviews indicate that the success of ERM implementation is highly influenced by the support of the corporate governance structure.

Faisal & Hasan (2022) reveal that ERM implementation not only integrated with corporate governance tends to be merely administrative and a matter of formality. In such conditions, ERM fails to contribute significantly to the quality of strategic decision-making. This finding strengthens the argument that ERM must be institutionally embedded within corporate governance mechanisms to function optimally. Research by Handayani (2017) emphasizes that integrating ERM into the corporate governance system allows organizations to respond to risks proactively. Integrated ERM helps organizations align strategic objectives with risk profiles, ensuring that risk is viewed not only as a threat but also as an opportunity for value creation.

c. The Role of the Board of Commissioners and Audit Committee in Risk Management

A key finding in the literature is the strategic role of the board of commissioners and the audit committee in strengthening organizational risk management. The board of commissioners acts as an oversight body ensuring that management executes risk management policies in accordance with organizational goals and stakeholder interests. Wijayanti et al. (2022) found that the active role of the board and audit committee contributes to increased ERM disclosure. Furthermore, board independence is a crucial factor; an independent board is expected to provide objective assessments of risk policies. Kusuma et al. (2024) show that board independence has a positive effect on the quality of risk disclosure.

d. The Role of the Risk Committee in Improving Risk Disclosure Quality

Literature reviews also show that the existence of a risk monitoring committee is an effective governance mechanism. This committee functions as a specialized unit focusing on identifying, evaluating, and monitoring strategic risks. Kusuma et al. (2024) found that a risk monitoring committee significantly improves the quality of risk management disclosure. Its existence reflects an organization's commitment to GCG, ensuring risk management is an integral part of the management system rather than a secondary function.

e. Corporate Governance, Risk Disclosure, and Organizational Sustainability

Corporate governance is closely linked to risk disclosure practices and organizational sustainability. Transparent risk disclosure helps build legitimacy and stakeholder trust. Setyawan (2019) shows that governance and ownership structures influence the level of financial risk disclosure. In the context of sustainability, Yudiansyah and Burhany link risk management with ESG (Environmental, Social, and Governance) practices, showing that effective risk governance supports sustainability by ensuring ESG risks are managed systematically.

However, comprehensive literature discussing the role of corporate governance in strengthening risk management is still relatively limited, particularly in the Indonesian context. Furthermore, many studies find that ERM implementation is not yet fully integrated into strategic decision-making, indicating ongoing challenges in internalizing risk management into organizational culture and governance practices.

Multidisciplinary Indonesian Center Journal (MICJO)
Journal page is available to
https://e-jurnal.jurnalcenter.com/index.php/micjo
Email: admin@jurnalcenter.com

4. CONCLUSION

This study examines the role of corporate governance in strengthening organizational risk management through a systematic literature review approach. Based on the synthesis of national and international literature, it can be concluded that corporate governance is a key element determining the effectiveness of organizational risk management in facing an increasingly complex and uncertain business environment. Corporate governance functions not only as an oversight mechanism but also as a strategic framework that directs risk management to align with organizational goals and sustainability.

The review results show that the application of Good Corporate Governance (GCG) principles—such as transparency, accountability, independence, and responsibility—consistently contributes to building a more structured and reliable risk management system. These principles enable organizations to systematically identify and evaluate risks while ensuring that strategic decision-making considers relevant risk implications. Thus, corporate governance creates a control environment that supports the continuous strengthening of risk management.

This research emphasizes that the integration of Enterprise Risk Management (ERM) into the corporate governance structure is a decisive factor for successful risk management. ERM institutionalized within corporate governance allows risks to be managed holistically and across functions, making it an integral part of the planning and strategic decision-making processes. Without strong governance support, ERM implementation tends to be merely administrative and provides little strategic value to the organization.

Furthermore, corporate governance mechanisms—specifically the roles of the board of commissioners, the audit committee, and the risk committee—have proven to contribute significantly to strengthening organizational risk management. The existence and effectiveness of these mechanisms drive improvements in oversight quality, internal control, and more transparent and accountable risk disclosure to stakeholders. This indicates that the strengthening of risk management is the result of synergy between various governance mechanisms, rather than a single element.

The primary contribution of this research lies in the presentation of a conceptual synthesis that positions corporate governance and risk management as a systemic unity. Unlike previous studies that generally examine the relationship between the two partially, this research emphasizes that the strengthening of risk management occurs when ERM is substantively integrated into the corporate governance system. This approach provides a new perspective in understanding the strategic role of corporate governance in organizational risk management, particularly in the context of organizations in Indonesia.

However, this study has limitations as it relies entirely on available literature and has not yet explored the dynamics of governance and risk management implementation empirically. Therefore, future research is encouraged to develop empirical and qualitative studies that can test and deepen the integrative model of corporate governance and risk management resulting from this literature review.

Multidisciplinary Indonesian Center Journal (MICJO)
Journal page is available to
https://e-jurnal.jurnalcenter.com/index.php/micjo
Email: admin@jurnalcenter.com

Overall, this study concludes that effective corporate governance is a primary prerequisite for strengthening organizational risk management. The integration of corporate governance and ERM not only enhances an organization's ability to manage risk but also supports strategic decision-making, transparency, and long-term organizational sustainability.

5. REFERENCES

Alfina, & Utama, A. A. G. S. (2025). The Role of Internal Audit in Ensuring Compliance with Risk Management Policies : Systematic Literature Review. Eduvest – Journal of Universal Studies Volume, 5(7). https://doi.org/https://doi.org/10.59188/eduvest.v5i7.51092

Amelia Rahmi, Tri Widyastuti, D. D. (2025). A SYSTEMATIC LITERATURE REVIEW OF ERM, CORPORATE GOVERNANCE, INTERNAL CONTROL, AND SUSTAINABILITY REPORTING ON ENTERPRISE VALUE. JIAFE (JURNAL ILMIAH AKUNTANSI FAKULTAS EKONOMI), 11(1). https://doi.org/10.34204/jiafe.v11i1.12024

Anton, S. G., & Nucu, A. E. A. (2020). Enterprise Risk Management: A Literature Review and Agenda for Future Research. Journal of Risk and Financial Management.

Aziza, N., & Aviola, N. K. (2024). THE INFLUENCE OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE WITH RISK MANAGEMENT AS MEDIATING VARIABLE. Jurnal Aplikasi Manajemen Dan Bisnis, 10(1). https://doi.org/https://doi.org/10.17358/jabm.10.1.11

Ellul, A. (2015). The Role of Risk Management in Corporate Governance. Annual Review of Financial Economics, 7. https://doi.org/https://doi.org/10.1146/annurev-financial-111414-125820

Faisal, M., & Hasan, N. N. (2022). Enterprise Risk Management dan Risiko Operasional : Peran Tata Kelola TI. JURNAL RISET AKUNTANSI DAN KEUANGAN, 10(1), 71–82. https://doi.org/10.17509/jrak.v10i1.35887

Handayani, B. D. (2017). MEKANISME CORPORATE GOVERNANCE, ENTERPRISE RISK MANAGEMENT, DAN NILAI PERUSAHAAN PERBANKAN. Jurnal Keuangan Dan Perbankan, 21(1), 70–81.

Kusuma, I. N., Mahaputra, A., Sudiartana, I. M., Bagiana, I. K., Lidya, I. A., Primadona, Ari, N. P. M., & Murti. (2024). Pengaruh Tata Kelola Perusahaan terhadap Pengungkapan Manajemen Risiko : Peran Moderasi Komite Pemantau Risiko. Jurnal Ekonomi Bisnis, Manajemen Dan Akuntansi (Jebma), 4(3), 1281–1291.

Lokaputra, M., Anugerah, R., & Kurnia, P. (2022). PENGARUH TATA KELOLA PERUSAHAAN TERHADAP PENGUNGKAPAN MANAJEMEN RISIKO. JURNAL KAJIAN AKUNTANSI DAN AUDITING, 17(1), 50–63.

Lumban Tobing, D., Lisdiono, P., Mohd Sanusi, Z., & Pemeriksa, B. (2024). Corporate Governance, Audit Recommendations, and Financial Resilience: The Case of State-owned Indonesian Mining and Energy Enterprises. In Asia-Pacific Management Accounting Journal (Vol. 19, Issue 1).

Multidisciplinary Indonesian Center Journal (MICJO)
Journal page is available to
https://e-jurnal.jurnalcenter.com/index.php/micjo
Email: admin@jurnalcenter.com

Muslih, M., & Maghfiroh, O. I. (2023). PENGARUH GOOD CORPORATE GOVERNANCE TERHADAP PENGUNGKAPAN MANAJEMEN RISIKO PERUSAHAAN. Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi), 7(2), 1070–1086.

Setyawan, B. (2019). PENGARUH TATA KELOLA PERUSAHAAN DAN STRUKTUR KEPEMILIKAN TERHADAP TINGKAT PENGUNGKAPAN RISIKO KEUANGAN. Jurnal Mitra Manajemen, 3. https://doi.org/https://doi.org/10.52160/ejmm.v3i1.192

Wijayanti, R., Ariani, K. R., & Suyatmin, S. (2022). The Role of Corporate Governance Mechanism on Disclosure of Enterprise Risk Management in Indonesian Banking Industry. Jurnal Riset Akuntansi Dan Keuangan Indonesia, 7(1), 117–126.

Zega, K. J. T. (2023). Tata kelola perusahaan yang baik sebagai mitigasi risiko manajemen kinerja organisasi. Jurnal Manajemen Risiko, 4(1), 117–130.

Zulaikha, I., & Murtanto. (2023). Pengaruh Good Corporate Governance dan Kinerja Keuangan Terhadap Enterprise Risk Management. Jurnal Ilmiah Wahana Pendidikan, 9(9), 545–557. https://doi.org/: https://doi.org/10.5281/zenodo.7969341