



## **CLASSIFICATION AND SIGNIFICANCE OF RISKS IN GLOBAL COMPANIES: MODERN APPROACHES BASED ON COSO ERM AND ISO 31000**

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<b>ABSTRACT</b>	<b>KEYWORDS</b>
In the modern global economy, risk classification and management have become strategic priorities for multinational corporations. Rapid digital transformation, geopolitical instability, climate change, supply chain disruptions, and increasing regulatory requirements create a complex risk environment. This article examines the significance of risk classification in global companies and highlights modern approaches based on COSO ERM and ISO 31000 frameworks. Particular attention is given to strategic, operational, financial, technological, reputational, and ESG-risks. Effective risk classification enables companies to improve decision-making, allocate resources efficiently, strengthen internal control systems, and enhance long-term sustainability.	Global companies, risk classification, risk management, corporate governance, COSO ERM, ISO 31000, operational risk, financial risk, internal control, ESG risks, sustainability, strategic risk, resilience.

### **Introduction**

#### **Аннотация:**

В современной глобальной экономике классификация и управление рисками стали стратегическим приоритетом для глобальных корпораций. Быстрая цифровая трансформация, геополитическая нестабильность, изменение климата, сбои в цепочках поставок и усиление регуляторных требований формируют сложную среду рисков. В статье рассматривается значение классификации рисков в глобальных компаниях и современные подходы, основанные на моделях COSO ERM и ISO 31000. Особое внимание уделено стратегическим, операционным, финансовым, технологическим, репутационным и ESG-рискам. Эффективная классификация рисков позволяет компаниям улучшать принятие решений, рационально распределять ресурсы, усиливать систему внутреннего контроля и обеспечивать долгосрочную устойчивость.

**Ключевые слова:** глобальные компании, классификация рисков, управление рисками, корпоративное управление, COSO ERM, ISO 31000, операционный риск, финансовый риск, внутренний контроль, ESG-риски, стратегический риск, устойчивое развитие, устойчивость.

## **Annotatsiya:**

Zamonaviy global iqtisodiyotda xavflarni tasniflash va boshqarish global korporatsiyalar uchun strategik ustuvor yoʻnalishga aylandi. Tezkor raqamli transformatsiya, geosiyosiy beqarorlik, iqlim oʻzgarishi, taʼminot zanjiridagi uzilishlar hamda tartibga soluvchi talablarning kuchayishi murakkab xavf muhitini shakllantirmoqda. Mazkur maqolada global kompaniyalarda xavflarni tasniflashning ahamiyati hamda COSO ERM va ISO 31000 asosidagi zamonaviy yondashuvlar koʻrib chiqiladi. Strategik, operatsion, moliyaviy, texnologik, reputatsion va ESG xavflarga alohida eʼtibor qaratilgan. Samarali xavf tasnifi kompaniyalarga qaror qabul qilish sifatini oshirish, resurslarni oqilona taqsimlash, ichki nazorat tizimini mustahkamlash va uzoq muddatli barqarorlikni taʼminlash imkonini beradi.

**Kalit soʻzlar:** global kompaniyalar, xavflarni tasniflash, xavflarni boshqarish, COSO ERM, ISO 31000, korporativ boshqaruv, ichki nazorat, operatsion xavf, moliyaviy xavf, ESG xavflari, strategik xavf, barqaror rivojlanish, bardoshlilik.

## **INTRODUCTION**

Environmental risks are increasingly influencing corporate strategies as society demands higher ecological responsibility from corporations. Global companies, particularly those in resource-intensive industries, must assess their environmental impact and minimize risks related to natural disasters, climate change, pollution, and resource depletion. Failure to address environmental risks may lead to regulatory penalties, reputational loss, and exclusion from ESG-focused investment portfolios. Moreover, integrating environmentally friendly practices into organizational strategy becomes a competitive differentiator in attracting responsible consumers and business partners. Social and cultural risks also play a significant role in the global risk profile. The globalization process leads to the amalgamation of cultures, consumer preferences, and professional standards. A lack of sensitivity to local traditions, norms, and values may provoke backlash from customers, damage the brand reputation, and impede market penetration. Social risks also include issues related to labor relations, workplace safety, diversity and inclusion, and corporate social responsibility (CSR). Effective management of social and cultural risks enhances organizational reputation, loyalty of employees, and the ability to create sustainable partnerships in the host countries. In this context, internationally recognized frameworks such as COSO Enterprise Risk Management (ERM) and ISO 31000 provide systematic approaches for identifying, assessing, responding to, and monitoring risks [11; 12].

## **MATERIALS AND METHODS**

The methodological basis of this research includes comparative analysis of international risk management standards, particularly COSO ERM (2017) and ISO 31000:2018, as well as synthesis of academic literature related to global corporate governance and enterprise risk management practices [11; 12].

Strategic risks reflect the possibility that the company's long-term plans might fail due to incorrect assumptions, rapid market changes, misjudgment of competitors, or disruptive innovations. Strategic missteps may result in loss of investment, diminished market position, and collapse of the entire business model. Global companies must maintain vigilance, continuously analyze competitors, explore market trends, and cultivate an innovative culture to manage and mitigate strategic risks. Additionally,

reputational risks are of exceptional concern since information spreads instantly through digital channels worldwide. Negative publicity, scandals, product recalls, or ethical violations can quickly escalate into global crises, damaging stakeholder trust and jeopardizing company survival. Proactive reputation management, crisis communication, transparency, and commitment to corporate values are crucial factors in minimizing reputational harm [1].

The process of risk classification in global companies involves combining multiple categories based on their origin, likelihood, impact, and mechanisms of control. Effective classification supports decision making by allowing stakeholders to prioritize the most critical risks, allocate resources efficiently, and design tailored mitigation strategies. Companies often employ risk matrices, heat maps, and scenario analysis to visualize and categorize risks according to their level of significance and urgency. The process is continuous and dynamic, reflecting the ever-changing business environment [2].

## **RESULTS AND DISCUSSIONS**

An essential element of global risk management is the creation of a risk-aware culture. This involves educational programs, open communication channels, and incentives for employees to identify and report risks in a timely manner. Encouraging cross-functional dialogue and fostering responsibility at all organizational levels enable companies to detect emerging risks early and rapidly respond to them. The development of internal policies, procedures, codes of conduct, and reporting lines forms the backbone of effective risk-oriented corporate culture. The role of leadership is vital in shaping the company's approach to risk management. Top management must demonstrate commitment to risk awareness, personally engage in risk discussions, and allocate sufficient resources to risk prevention and control measures. They should also encourage a forward-looking outlook, promoting strategic flexibility and readiness for unexpected changes. The Board of Directors and risk committees play a leading role in overseeing risk management practices and ensuring their integration with corporate governance [3].

Risk management in global companies also has a strong technological dimension. The use of risk analytics, predictive modeling, risk dashboards, artificial intelligence, and scenario simulation tools facilitates identification and monitoring of risks. Real-time data allows for better anticipation of trends and faster reaction to emerging threats. Technological solutions help overcome information asymmetry in multinational organizations and bring coherence to risk management processes across global operations. Integration of risk management with strategic planning is a modern principle for advanced global companies. Rather than being seen as an isolated function, risk management is intertwined with business development, investment decisions, supply chain design, human resource policies, innovation projects, and mergers and acquisitions. This holistic approach links risk and return, connects risk appetite with objectives, and supports the realization of sustainable growth strategies. The emergence of environmental, social, and governance (ESG) criteria in investment and regulatory agendas has made non-financial risks equally important as traditional financial ones. Global investors, customers, and regulators now demand transparency, ethical conduct, and responsible stewardship of resources. This requires global companies to strengthen the management of ESG risks and integrate ESG performance metrics into internal and external reporting systems [4].

According to COSO ERM principles, risk management should be integrated into strategy-setting and business performance processes [11]. ISO 31000 emphasizes leadership commitment, integration, continual improvement, and stakeholder engagement [12].

Moreover, global companies increasingly face so-called “Black Swan” events – rare, unpredictable incidents with severe implications. Examples include global pandemics, major geopolitical conflicts, sudden technological disruptions, or natural disasters. Robust scenario planning, business continuity programs, and enterprise-wide crisis management frameworks become decisive assets in surviving such events. The importance of risk classification is further demonstrated in decision-making processes related to foreign direct investments, selection of partner countries, supplier management, market entry strategies, M&A transactions, and innovation ventures. Thorough risk analysis helps avoid mistakes, foresee consequences, and optimize returns on investments. Risk-based thinking contributes to entrepreneurial agility and resilience – qualities that are indispensable in the volatile global marketplace.

Furthermore, effective risk classification strengthens internal control systems by helping management identify control gaps, prioritize mitigation actions, and improve reporting transparency. This is particularly important for large industrial enterprises operating in highly regulated and capital-intensive sectors.

## CONCLUSION

In conclusion, classification and management of risks in global companies have evolved into essential elements of strategic governance. In conditions of uncertainty, organizations must continuously identify, assess, prioritize, and respond to emerging risks. Application of COSO ERM and ISO 31000 frameworks enables companies to integrate risk management into decision-making processes, improve internal controls, enhance resilience, and create sustainable long-term value [11; 12]. Thus, modern risk management is not only a protective mechanism, but also a source of competitive advantage in the global marketplace.

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