Available online at
http://smrj.uitm.edu.my/index.php

e-ISSN: 0128-1089

Social and Management Research Journal 23(1) 2026, 1–14.

Social and Management Research Journal

Risk Management Committees in Malaysia: Exploring Structural Variation and Research Opportunities

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ARTICLE INFO

Article history:
Received 28 July 2024
Revised 3 November 2025
Accepted 1 December 2025
Online first 18 February 2026
Published 18 February 2026

Keywords:
risk management committee
corporate governance
MCCG 2021
Malaysia
risk oversight structures

DOI:
10.24191/smrj.v23i1.10795

ABSTRACT

This study aims to identify and describe the types of risk management committees established by publicly listed companies in Malaysia, particularly in the context of post-pandemic recovery and enhanced governance expectations under MCCG 2021. Using a descriptive quantitative approach, the research analysed 729 company-year observations of companies listed on the main board of Bursa Malaysia between 2021 and 2023. Annual reports and corporate governance disclosures were manually reviewed to determine the presence and structure of RMCs. The findings reveal a gradual increase in RMC adoption from 76% in 2021 to 80% in 2023. However, only 30% of companies adopted the recommended standalone RMC structure, while 29% preferred a combined RMC-Audit Committee model. Smaller proportions established RMCs integrated with other board committees (9%) or at the management level (12%). The results indicate that while many companies are aligning with governance reforms, a significant portion still rely on traditional or hybrid structures, reflecting varied levels of commitment and resource allocation to formal risk oversight. This study contributes to the corporate governance literature by providing updated empirical evidence on RMC adoption trends and highlights areas for future research, including the effectiveness of different RMC structures, the interplay of RMC characteristics, and the behavioural dynamics of committee members. The study contributes to the understanding of RMC structures in practice by documenting their diversity. It also provides a basis for further research on how different RMC designs may influence risk disclosure and governance outcomes.

INTRODUCTION

Globalisation, rapid technological advancements, and rising environmental and geopolitical uncertainties shape the current risk environment. These challenges demand robust risk management strategies to safeguard organisational stability (Pandey et al., 2023; Black et al., 2022). Effective risk management is vital. It involves systematically identifying, analysing, and mitigating potential threats. This enhances a company's financial performance and stakeholder confidence (Ho et al., 2015; Alsulami, 2023; Kulinich et al., 2023). For instance, the post-pandemic business landscape has fundamentally changed risk contexts. This shift underscores the necessity for businesses to adjust their risk management practices to

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https://doi.org/10.24191/smrj.v23i1.10795

accommodate new constraints and uncertainties (Blair et al., 2022). Within this context, the Risk Management Committee (RMC) plays a pivotal role. The RMC serves as a dedicated body overseeing risk management processes to ensure risks are thoroughly evaluated and mitigated across all organisational levels (Jia & Bradbury, 2021; Ayuningtyas & Harymawan, 2022).

Malaysia has numerous policies and guidelines relating to risk. These rules ensure that companies in Malaysia must provide adequate risk management and disclosures, enabling stakeholders to make informed decisions. MFRS 7, the Companies Act 2016, the Bursa Malaysia Listing Requirements (BMLR), and the MCCG 2021 must all be discussed in detail to understand the need for risk management requirements in Malaysia. Among these, the Malaysian Code on Corporate Governance (MCCG) 2021 stands out. It highlights the importance of effective risk management practices for businesses. Guideline 10.3 recommends establishing an RMC with a majority of independent directors to oversee the company's risk management framework and policies. Studies show that although establishing RMCs remains voluntary, there are different levels of adoption and effectiveness across industries (Ramlee & Ahmad, 2020). Research also reveals that companies with RMCs perform better financially and in risk management, especially when RMCs have expertise and independence (Malik et al., 2021). The establishment of separate RMCs in Malaysian companies is linked to increased transparency and regulatory compliance, which in turn boosts overall firm performance (Rimin et al., 2021). Despite these advantages, more compliance and broader RMC adoption are needed to ensure comprehensive risk oversight and management (Ishak & Yusof, 2020).

The study by Awang et al. (2021) on the top 50 Malaysian listed companies indicates that more than 50% of the companies comply with the recommendation of MCCG 2017 regarding the establishment of standalone RMCs. However, many companies still opt for combined committees or do not establish standalone RMCs at all. This limited sample, however, creates an interesting opportunity to explore the compliance and practices of other companies on the main board. While prior studies have generally focused on distinguishing between standalone and combined RMCs, less attention has been given to the broader range of structural variations that exist in practice, particularly following the introduction of MCCG 2021. As such, there is limited understanding of how Malaysian firms configure their risk oversight structures beyond the conventional binary classification. This raises the question of whether these companies have established any form of RMC that deviates from the recommended practices of MCCG 2021, thereby highlighting a potential gap in corporate governance and risk management effectiveness. To address this gap, this study provides an expanded classification of RMC structures, including standalone RMCs, combined RMC-audit committees, RMCs integrated with other board committees, and management-level RMCs. The objectives of this article are to describe the types of RMC structures in Malaysian publicly listed companies. Exploring these aspects could provide valuable insights into the compliance levels and the effectiveness of risk management practices across a broader range of Malaysian publicly listed companies.

LITERATURE REVIEW

The Malaysian regulatory framework demands proper risk management and robust disclosure practices to ensure corporate stability and investor confidence. MFRS 7 specifies comprehensive disclosure requirements for financial instruments in the financial statements of companies. Additionally, the Companies Act 2016 requires directors to prepare a report detailing the principal risks and uncertainties faced by the company, emphasizing the importance of proactive risk detection and effective communication. Further reinforcing the importance of risk management, Chapter 9 of the BMLR requires listed companies to disclose significant risks that may impact their operations, performance, financial condition, or liquidity, along with mitigation strategies, which promotes transparency and comprehensive risk disclosure. Additionally, BMLR enhances this requirement by mandating a board statement on the company's risk management and internal control.

https://doi.org/10.24191/smrj.v23i1.10795

Referring to MCCG 2021, the guideline requires boards to report on key risk areas, including finance, operations, regulatory compliance, reputation, cybersecurity, and sustainability, detailing the controls in place to manage these risks. More importantly, Guideline 10.3 recommends establishing an RMC comprising a majority of independent directors to oversee the company's risk management framework and policies. This step-up practice aims to enhance the quality of risk management and governance, ultimately contributing to the stability and sustainability of the Malaysian capital market. It is worth noting that MCCG 2021 places a greater emphasis on risk than its predecessor, MCCG 2017. The enhanced sustainability requirement in MCCG 2021 underscores the critical role of the board. It necessitates the integration of environmental, social, and governance considerations into its strategic oversight, ensuring that sustainability risks are managed and disclosed as part of the company's overall risk framework.

Recent studies highlight the significant role of RMCs in enhancing various aspects of corporate governance. RMCs play a crucial role in managing and mitigating risks within organisations, which improves overall risk management frameworks and ensures effective risk identification, assessment, and mitigation (Fuller, Joe, & Luippold, 2021; Nahar & Jahan, 2021). The presence of RMCs has been linked to superior financial performance, as these committees provide focused oversight on risk-related issues, thereby enabling better risk management practices (Jia & Bradbury, 2021; Nahar & Jahan, 2021). Additionally, RMCs positively impact firm value by increasing investor confidence and market valuation through comprehensive risk management disclosures (Rahmawati & Harymawan, 2022; Malik, Shafie, & Ku Ismail, 2021). Furthermore, active RMCs are associated with enhanced disclosure practices, which reduce information asymmetry and improve transparency between companies and their stakeholders. Beyond these benefits, RMCs also contribute to higher audit quality, reduced financial fraud, and overall improved corporate governance (Pratama, Putri, & Innayah, 2020; Malahim, 2023).

In the Malaysian context, RMCs have been shown to enhance risk management practices and overall corporate governance significantly. Studies indicate that the presence of RMCs and institutional investors has a positive influence on non-financial risk disclosures, thereby improving transparency and investor confidence (Jamil, Norman, & Saleh, 2022). Effective risk management practices, including the establishment of RMCs, are crucial for enhancing the performance of Malaysian publicly listed companies (Saad et al., 2023). RMCs also play a vital role in enhancing firm value, with strong corporate governance and risk disclosure practices positively impacting firm valuation (Latif, Mohd, & Kamardin, 2022; Ramlee & Ahmad, 2020). The importance of RMCs in improving disclosure practices is evident, as effective audit committees and well-structured RMCs significantly influence the level of corporate risk disclosure (Saari et al., 2020; Karim et al., 2022). Additionally, RMCs contribute to improved audit quality and a reduction in modified audit reports, highlighting the importance of dedicated risk oversight in Malaysian companies (Ishak & Yusof, 2020). These findings highlight the crucial role of RMCs in improving risk management, performance, firm value, disclosure, and overall corporate governance in Malaysian companies.

The study by Awang et al. (2021) on the top 50 Malaysian listed companies provides an overview of the compliance rate with the establishment of standalone RMCs, as recommended by the MCCG in 2017. The research indicates a 50% compliance rate, which increased to 58% in 2019. Despite this upward trend, many companies still opt for combined committees or do not establish standalone RMCs at all, raising questions about the effectiveness of their risk management practices (Awang et al., 2021). This highlights the need to investigate the compliance and practices among other companies on the main board, providing a comprehensive understanding of RMC adoption and its implications on corporate governance and risk management effectiveness in Malaysia.

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METHODOLOGY

This study aims to identify the types of RMCs established by publicly listed companies in Malaysia. The primary data source for this study was the annual reports of the companies, which were obtained from Bursa Malaysia. The analysis focused on the years 2021 to 2023, as the data reflect the corporate governance practices following the introduction of MCCG 2021 and the post-pandemic period.

A descriptive research design was adopted because the objective of this study is to map and compare the structural characteristics of RMCs rather than to evaluate causal effects or model statistical relationships. This design is appropriate for documenting the prevalence and variation of RMC structures across companies, particularly in response to changes in governance expectations under MCCG 2021.

Data was manually extracted from the annual reports, and the corporate governance reports of the companies were also reviewed to verify the type of RMC. To ensure accuracy and consistency in manual extraction, a structured coding checklist was used. Cases that were unclear or ambiguous were cross-checked by reviewing both the Corporate Governance Report and the main Annual Report. A second round of verification was performed to ensure the reliability of categorisation across all companies. The companies were categorized into two main groups based on the presence of an RMC: those with an RMC and those without an RMC. Further review was conducted on companies with RMCs to identify the specific types of RMC structures that had been established.

Awang et al. (2021) categorised RMC structures into two primary types: Standalone RMC and Combined RMC. This study expands the categories to provide a more detailed classification of RMC structures. The expanded categories are presented in Table 1.

Table 1. Categories of risk management committee structure

Structure of RMC	Description
Standalone	Separate the board-level committee from other board committees
Combined with the Audit Committee	Combined with the audit committee, commonly identified as the audit and risk management committee
Combined with Other Committees	Combined with other board committees such as the investment committee, compliance committee, governance committee, or sustainability committee
Management Level	Not a board-level risk management committee, consisting of senior or key managers or department heads

Between 2021 and 2023, a total of 779 companies were listed on the main board. However, 50 companies were excluded due to unavailable or incomplete annual reports, resulting in a final sample of 729 companies. These companies were tracked consistently across all three years to ensure comparability and reliability of trend data. The comprehensive analysis provides insights into the adoption and structure of RMCs among publicly listed companies in Malaysia, highlighting the current practices and compliance with governance recommendations.

The findings were examined using descriptive analysis to identify the various types of RMC structures over a three-year period. Visual tools were employed to highlight yearly trends and changes, revealing trends in the adoption and structural choice of RMCs. This method offers clear insights into how Malaysian publicly listed companies responded to governance standards, particularly the MCCG 2021, while also capturing the post-pandemic effect on formal board risk oversight practices.

https://doi.org/10.24191/smrj.v23i1.10795

RESULTS AND DISCUSSIONS

Establishment of the Risk Management Committee in Malaysia

The descriptive analysis for the years 2021 to 2023, covering 729 publicly listed companies in Malaysia, reveals significant insights into the adoption of RMCs. As presented in Table 2, a progressive trend toward increased adoption and structural maturity in risk governance is revealed as RMC implementation rose from 76% in 2021 to 80% in 2023, indicating a positive reaction to changing corporate governance standards. This suggests that companies recognise the value of RMC in enhancing their overall risk management practices. By establishing such committees, companies demonstrate their commitment to systematically identifying, analysing, and mitigating potential risks, which ultimately leads to improved governance, greater financial stability, and increased investor confidence. Furthermore, the high percentage indicates compliance with the rules, regulations, and guidelines, emphasizing the importance of risk management. This finding supports previous studies that have demonstrated the significant enhancement of firm performance, risk disclosure, and investor confidence by the presence of an RMC (Rahmawati & Harymawan, 2022; Jamil, Norman, & Saleh, 2022). The establishment of RMCs underscores the commitment of Malaysian companies to robust risk management practices, aligning with best practices that promote corporate governance and transparency (Fuller, Joe, & Luippold, 2021; Saad et al., 2023).

Table 2. Establishments of RMC in Malaysian Public Listed Companies

	2021		**2022**		**2023**	
	n	**%**	***n***	**%**	***N***	**%**
Companies with RMC	562	76	568	78	583	80
Companies without RMC	176	24	161	22	146	20

Contrary to previous studies indicating that Malaysian companies lack dedicated RMCs (e.g., Ramlee & Ahmad, 2020; Awang et al., 2021), the findings of this study show that the majority of companies do implement some form of structured risk oversight. The key difference lies in how RMCs are structured. Many companies have selected non-standalone designs to include risk oversight within other existing committees. Previous studies have not consistently identified these hybrid forms, resulting in an underestimate of RMC occurrence.

Conversely, throughout the three years, 20% of the companies did not establish RMCs at any level. This likely reflects a more traditional approach to risk management, where the responsibilities are assumed by the board and audit committees, a practice in line with the earlier versions of the MCCG (2000, 2007, and 2012). Previous studies have indicated that many companies traditionally integrate risk management functions within the audit committee, which can lead to overburdened committees and potential gaps in risk oversight (Awang et al., 2021; Abdullah et al., 2017). The lack of a standalone RMC in these companies suggests a reliance on these traditional structures, despite the evolving complexity of risk in the modern business environment (Aldhamari et al., 2020; Ishak & Mohamad Nor, 2017).

Risk management committee structures in Malaysia

The analysis of data from 2021 to 2023 reveals a consistent yet evolving pattern in the establishment of RMCs among publicly listed companies in Malaysia. As shown in Table 3, companies adopted various structural approaches in implementing RMCs, ranging from standalone committees to integration with other board or management functions. This diversity reflects differing levels of commitment, governance strategies, and resource capabilities in addressing risk oversight responsibilities over the three-year period.

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Table 3. RMC structures in Malaysia

	2021		2022		2023	
RMC Structure	***n***	**%**	***n***	**%**	***n***	**%**
No RMC	176	24	161	22	146	20
Standalone	227	31	222	30	221	30
Combined with the Audit committee	187	26	199	27	208	29
Combined with other committees	52	7	60	8	68	9
Management level	87	12	87	12	86	12
Total	**729**	**100**	**729**	**100**	**729**	**100**

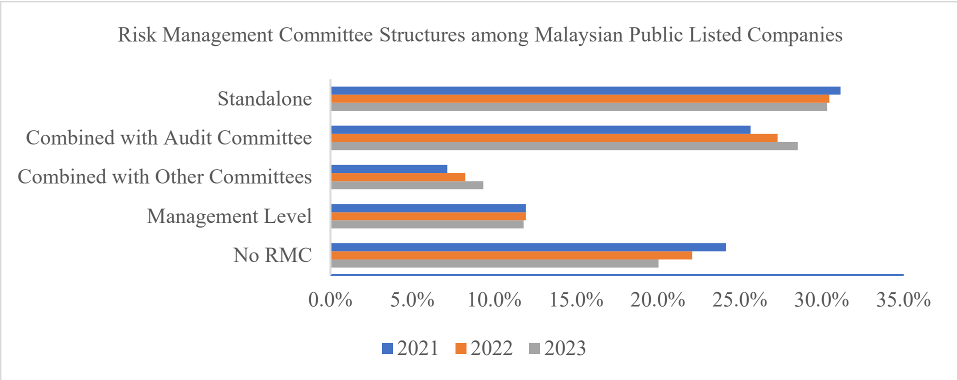

Fig. 1. Trends in Risk Management Committee Structures among Malaysian Public Listed Companies (2021–2023)

Figure 1 illustrates the distribution of RMC structures over three years based on 729 firm-year observations in the Main Market of Bursa Malaysia. The proportions of standalone RMCs remained relatively stable at around 30%, while combined RMC–Audit Committee structures increased gradually. The proportion of companies without an RMC declined, indicating a continued shift toward more formalised board-level risk oversight.

Standalone RMCs

The adoption of standalone RMCs among publicly listed companies in Malaysia remained relatively stable over the three-year period. In 2021, 227 companies (31%) had established standalone RMCs, followed by 222 companies (30%) in 2022 and 221 companies (30%) in 2023. Despite a slight numerical decline, the proportion consistently reflects strong adherence to best governance practices. This steady adoption trend indicates that nearly one-third of Malaysian PLCs are committed to dedicating a separate governance structure specifically for risk oversight. The prevalence of standalone RMCs aligns with the recommendations of the MCCG 2021, which advocates for a clear and distinct oversight of risk separate from the audit committee. By having a dedicated RMC, companies demonstrate their commitment to strengthening internal controls, improving transparency, and enhancing board effectiveness in risk governance.

Prior research underscores the advantages of adopting standalone RMCs. Jia and Bradbury (2021) found that such committees are positively associated with improved financial performance and reduced financial distress. Bhuiyan et al. (2020) reported that companies with standalone RMCs tend to incur lower audit fees due to better financial reporting quality and fewer discretionary accruals. Furthermore, the presence of a dedicated RMC contributes to stronger governance mechanisms, better audit outcomes, and

https://doi.org/10.24191/smrj.v23i1.10795

a lower likelihood of modified audit opinions (Harymawan et al., 2021; Ishak & Yusof, 2020). These findings collectively support the notion that standalone RMCs play a pivotal role in elevating corporate risk management and enhancing overall organisational resilience.

Combined with the Audit Committee

The integration of RMCs with Audit Committees continues to be a popular governance structure among publicly listed companies in Malaysia. In 2021, 187 companies (26%) adopted this combined structure, followed by a slight increase to 199 companies (27%) in 2022 and 208 companies (29%) in 2023. This steady upward trend suggests that a growing number of companies still prefer to leverage existing board committees to manage risk-related responsibilities rather than establishing separate, standalone RMCs. While the combined structure may not fully align with the MCCG 2021 recommendation for a distinct RMC, it still reflects an effort to commit risk governance within board-level oversight mechanisms.

Research supports the effectiveness of this integrated model under the right conditions. Studies have shown that strong and well-functioning audit committees can enhance risk oversight and mitigate financial risks (Ojeka et al., 2021; Almunawwaroh & Setiawan, 2023; Zafira & Hermawan, 2023). Ojeka et al. (2021) and Almunawwaroh and Setiawan (2023) emphasized that audit committees play a critical role in improving risk disclosure and controlling financial vulnerabilities. Moreover, audit committees with members who possess financial expertise can substantially strengthen risk assessment capabilities (Zengin-Karaibrahimoglu et al., 2021; Puteri Zafira & Hermawan, 2023). However, Melendy and Huefner (2011) argued that overburdened audit committees may struggle to manage enterprise-wide risks effectively when tasked with multiple functions, leading to critical areas demanding expert attention suffering from inadequate oversight. Thus, while not fully aligned with the MCCG's preferred structure, the combined RMC and AC approach still offers practical advantages when supported by a competent and focused audit committee.

Combined with Other Committees

A smaller segment of companies adopted the approach of combining their RMCs with other board committees, such as investment, compliance, governance, or sustainability committees. In 2021, 52 companies (7%) utilised this structure, which increased to 60 companies (8%) in 2022 and further to 68 companies (9%) in 2023. Although this structure remains the least common among the formal RMC configurations, the gradual increase over the years indicates growing interest in integrated oversight frameworks that consolidate related functions.

This structure enables a broader scope of oversight, allowing risk management to be considered alongside other strategic areas such as investment or sustainability. This structure enables a broader scope of oversight, allowing risk management to be considered alongside other strategic areas such as investment or sustainability. The data revealed that many companies within this category chose to combine their RMCs with sustainability committees. This trend may be attributed to the increased emphasis placed on sustainability in the MCCG 2021, which underscores the importance of integrating sustainability considerations into governance, strategy, and risk management processes. However, while this integrated approach may support ESG alignment, it may not fully align with the MCCG 2021's call for dedicated and accountable risk oversight.

One of the most significant concerns related to this practice is the potential dilution of specialisation. Each board committee has distinct responsibilities requiring specialised knowledge and focus. As distinct expertise is often necessary to navigate the complexities of compliance, combining committee functions may reduce the overall quality of oversight and decision-making (Huang et al., 2009). Moreover, the integration of various committee functions can foster role confusion and ambiguity regarding accountability. This can impede the board's capacity to monitor performance or manage risks effectively, as members may be unsure of their primary responsibilities. Jiraporn et al. (2009) indicate that increased busyness due to multiple roles on various committees often leads to directors being less effective in their

https://doi.org/10.24191/smrj.v23i1.10795

oversight duties, suggesting that poorly delineated committee functions can compromise governance performance. Continued multifaceted responsibility reduces individual accountability and may exacerbate failures in corporate governance, as directors may not be fully engaged or informed about the specific demands of each committee they serve on.

Management Level RMCs

A consistent proportion of companies have established Risk Management Committees (RMCs) at the management level, comprising senior managers, department heads, or key operational leaders. This structure was observed in 87 companies (12%) in both 2021 and 2022, and slightly declined to 86 companies (12%) in 2023. Although less common than board-level structures, management-level RMCs reflect a practical and operational approach to risk governance, particularly among companies that may lack sufficient board resources to establish a formal committee.

This approach aligns with the notion that risk management should be embedded within day-to-day business operations. Managers, being closer to operational realities, are well-positioned to identify emerging risks and implement mitigation strategies in real time. Jedynak and Bąk (2020) emphasised that managers play a crucial role in integrating risk management into business processes and strategic decision-making. Makkawi (2021) further noted that management-led risk initiatives can enhance business performance by boosting profitability, reducing operational costs, and improving financial stability. In addition, Ho et al. (2015) emphasized the importance of management's involvement in mitigating supply chain vulnerabilities and ensuring the implementation of robust risk controls. Malahim (2023) also confirms that effective management-level RMCs can significantly enhance firm value in emerging markets. While the MCCG 2021 encourages board-level oversight for greater accountability, the existence of management-level RMCs demonstrates that companies still value operational-level ownership of risk. However, to ensure alignment with best practices, such structures must be supported by clear reporting lines to the board and be integrated within the broader corporate governance framework.

Suggestions for future research

This study has provided a descriptive analysis of the types of RMCs established by publicly listed companies in Malaysia. The findings reveal diverse approaches to RMC adoption, with a significant number of companies establishing standalone RMCs, combined RMCs with Audit Committees, and various other committee structures. These results underscore the importance of continued efforts to enhance corporate governance and risk management practices across Malaysian companies. However, the study also highlights several areas that warrant further investigation.

Effectiveness of Different RMC Structures

Future research should investigate the effectiveness of various RMC structures, such as standalone RMCs, combined committees, and management-level RMCs. Understanding how these different structures influence risk management outcomes, firm performance, and compliance with regulatory requirements can provide valuable insights into best practices for establishing RMCs. Studies such as those by Puteri Zafira and Hermawan (2023) and Rimin et al. (2021) have highlighted the importance of these structures; however, further empirical analysis is needed to compare their effectiveness across different contexts and industries.

Interconnectedness of RMC Characteristic

Another critical area for future research is the interconnectedness of RMC characteristics and their combined impact on the effectiveness of risk management. This approach enables a comprehensive evaluation by taking multiple factors into account collectively, as proposed by Dezoort, Hermanson, and Archambeault (2002). According to Ika and Mohd Ghazali (2012), a single characteristic assessment may not be sufficient, highlighting the importance of a well-balanced combination of skills and experience as

https://doi.org/10.24191/smrj.v23i1.10795

emphasized by Madi et al. (2014). Bin-Ghanem and Ariff (2016) recommend applying a composite score to reflect the interconnected nature of corporate governance. Salleh, Hashim, and Alodat (2022) also advocate for examining overall characteristics. Thus, an index provides a robust tool for assessing the effectiveness of the committee, taking into account its various dimensions and interdependencies within the corporate governance system. Research should focus on how these attributes interact and whether certain combinations lead to better risk management and firm performance. This approach can help identify the most effective configurations of RMC characteristics and inform guidelines for the formation of RMCs.

Behavioural Aspects of RMC Members

Understanding the behavioural aspects of RMC members is essential for enhancing the effectiveness of risk management practices. Studies such as these have started to explore how traits like independence, expertise, and gender diversity influence RMC performance (Malik et al., 2021; Bartal & Ravid, 2020; Malahim, 2023). Future research should delve deeper into how individual and collective behaviours of RMC members affect risk management outcomes and organisational governance. Investigating factors like decision-making processes, communication patterns, and conflict resolution within RMCs can provide valuable insights into optimising RMC functionality.

RMC structures and risk disclosure

Future research should also examine how these different RMC structures impact the quality and extent of risk disclosures in annual reports. Studies in emerging markets have shown that strong governance characteristics tend to improve risk transparency (Ishak & Yusof, 2020). Ayuningtyas and Harymawan (2022) reported that Indonesian companies with RMC disclose risk-related content more extensively. Similarly, Abdullah et al. (2015) found that the presence of an RMC led to increased voluntary risk management disclosure, suggesting that establishing an RMC could enhance risk disclosures among Malaysian companies. Examining the different types of RMC structures can complement the current structural overview by offering causal insights into how committee design translates into governance outcomes.

Risk disclosure in firms without RMCs

Despite the increased adoption of RMC in Malaysian publicly listed companies. A substantial number of companies continue to operate without a dedicated risk oversight committee. Future studies could investigate whether the absence of RMC weakens risk disclosures or the effectiveness of alternative governance arrangements. Although past studies, such as Ishak and Mohamad Nor (2017), have claimed that relying on audit committees in handling risk responsibilities may result in oversight fragmentation or reduced disclosure quality, a comparative study would provide meaningful insights into whether the absence of RMC will impact expected disclosure effectiveness. This can be complemented with board characteristic variables, such as director independence and size, to control for governance quality.

RMC Presence and Audit Quality

Another promising area is the impact of RMC structures on audit outcomes and external assurance, as both are integral to transparent risk governance. Prior studies suggest that firms with dedicated RMCs tend to incur higher audit fees, indicating greater demand for external validation and scrutiny (Rahayu et al., 2021; Jia & Bradbury, 2021). Additionally, companies with robust risk oversight structures report fewer modified audit opinions and demonstrate better compliance (Harymawan et al., 2021). Future research could explore whether RMC structure influences audit fee levels, auditor choice, or the incidence of audit issues, particularly in high-risk or regulated industries.

https://doi.org/10.24191/smrj.v23i1.10795

CONCLUSION

This study highlights the structural diversity of Risk Management Committees (RMCs) among 729 publicly listed companies in Malaysia from 2021 to 2023. The findings reveal that the overall adoption of RMCs increased from 76% in 2021 to 80% in 2023, indicating a progressive alignment with regulatory expectations and a growing awareness of formal risk oversight in the post-pandemic environment. However, 20% of companies still had no RMC by 2023, indicating room for improvement in corporate governance compliance.

Among companies with RMCs, only about 30% adopted the standalone structure recommended by MCCG 2021, while others opted for combined RMC, Audit Committees (rising from 26% to 29%), integration with other board committees (from 7% to 9%), or management-level RMCs (stable at 12%). These variations reflect differing governance strategies, resource availability, and perceived roles of risk management within the organisation. Standalone RMCs are generally associated with stronger oversight and transparency, while combined or integrated models reflect efforts to optimise resources or respond to evolving mandates such as sustainability reporting.

The results highlight the crucial role of RMCs in promoting corporate governance, enhancing financial performance, improving risk disclosure, and fostering investor confidence. At the same time, the continued reliance on non-standalone or management-level structures raises questions about their effectiveness and accountability. These findings highlight the need for greater adherence to governance best practices and the further strengthening of RMC frameworks, as emphasized by recent evidence on the effectiveness of committee structures (Saad et al., 2023; Puteri Zafira & Hermawan, 2023).

This study contributes to the corporate governance literature by offering a comprehensive structural mapping of RMCs across three years and highlighting the evolving landscape of risk oversight in Malaysia. Nevertheless, a significant portion of firms still lack formal RMCs, and questions remain about the accountability and effectiveness of alternative structures.

The study also provides practical implications for regulators and boards, particularly in understanding how structural choices reflect the prioritisation of risk oversight within the governance system. As corporate risk environments continue to evolve, aligning RMC design with organisational complexity becomes increasingly important for effective governance.

This study is subject to several limitations. First, the use of a purely descriptive approach restricts the ability to establish causal relationships between RMC structures and risk governance outcomes. While useful for trend identification, it does not provide insights into the actual effectiveness of the different committee types. Second, the scope of the study was limited to companies listed on the Main Board of Bursa Malaysia, which may limit the generalisability of the findings to smaller firms, companies listed on the ACE Market, or private entities. Third, the analysis did not account for variations across industries, despite the likelihood that risk oversight structures and governance practices may differ depending on sector-specific risks. These limitations highlight the need for more comprehensive and comparative studies in future research.

Future research is encouraged to go beyond structural description by evaluating the effectiveness of different RMC types, analysing how RMC characteristics interact, and exploring the behavioural dynamics of committee members. Additional work is also needed to assess the impact of RMC presence or absence on the quality of risk disclosure, audit outcomes, and investor confidence. Such research would benefit from industry-level analyses, comparative international studies, and longitudinal designs to track how governance reforms shape risk oversight practices over time. By addressing these areas, scholars can further refine our understanding of effective RMC design and contribute to more resilient, transparent, and well-governed firms in emerging economies.

https://doi.org/10.24191/smrj.v23i1.10795

ACKNOWLEDGEMENT

The authors would like to thank reviewers for the insightful comments and constructive feedback, which have substantially improved the quality of our work.

CONFLICT OF INTEREST STATEMENT

The authors agree that this research was conducted in the absence of any self-benefits, commercial or financial conflicts, and declare the absence of conflicting interests with the funders.

AUTHORS' CONTRIBUTION

Amir Hakim Osman carried out the research, wrote, and revised the article. Assoc. Prof. Azrul Abdullah and Dr. Nurfarizan Mazhani Mahmud supervised research progress, anchored the review and revisions, and approved the article submission.

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