

**Managing risks and opportunities and their impact on the
development or collapse of organizations**

**An applied study of the National Water Company in the
Kingdom of Saudi Arabia**

إدارة المخاطر والفرص وأثرها على تطور أو إنهيار المنظمات
دراسة تطبيقية لشركة المياه الوطنية التابعة للمملكة العربية السعودية

إعداد الطلاب

Seddiq Ahmad Jawi -222001623

Khaled Awaad AL-Solami -222001456

Mohammad BaHajri -222001043

إشراف

DR. Waleed Soliman

العام الدراسي:

2023

فهرس المحتوى:

قائمة الجداول:

المستخلص : Abstract

Chapter 1

Introduction:

Risks are a fact of life, and preparing for them and developing capabilities to manage them is a way to gain a competitive advantage. Risk management is considered an essential element of management and accountability in organizations, as risks and uncertainty are two important concepts that address the threats and opportunities provided by humanitarian projects in modern social life.

Paul Hopkin emphasized that benefit comes from the presence of risk, that is, if there is a chance of loss (risk) there is also a chance of profit. (Paul Hopkin, Risk Management Institute, 2012).

All organizations around the world take a global approach to all the risks they face. Integrated risk management is an ongoing process in which potential risks are assessed at all levels of the organization and all results are collected at the business level to improve the decision-making process (Berg, 2010).

Risk management is more important as organizations become more global and more competitive. The risk management process consists of a series of steps that continuously identify, analyse, evaluate, treat, control, communicate and improve the decision-making process. By implementing risk management, organizations can reduce unexpected and costly incidents and allocate resources more efficiently. It helps improve communication and improve organizational performance by providing a concise summary of the threats they may face. (Pojasek, 2017)

The importance of risk management lies in enabling it to achieve the desired results and reduce the impact of threats to acceptable levels, in addition to seizing opportunities that keep organizations and institutions within their existential and competitive framework. (Paul Hopkin, Risk Management Institute, 2012), as it can be said that risk management includes: risk management, control management, and opportunity management.

Opportunity management is those risks that the organization seeks through risk management to achieve goals and generate new ways of development and revenue growth. Therefore, risks and opportunities can contribute to the development of the organization and the implementation of more realistic and fair prevention and protection rules.

Opportunity management is similar to risk management and both add value to the organization. (Wu, dash)

Many previous researches concerned with studying risk management policies have recommended that institutions take effective measures regarding identifying risks in a timely manner and mitigating or avoiding risks effectively, as well as the necessity of investing in opportunities that will preserve the institutions' existential and competitive value.

The study examines the impact of risk and opportunity management practices on the performance of institutions in the public and private sectors in general and in the National Water Company of the Kingdom of Saudi Arabia in particular.

This study is considered one of the few studies that addressed the impact of risk management practices in general and opportunity management in particular on the performance of institutions that provide water and sanitation services in countries, specifically the performance of the National Water Company of the Kingdom of Saudi Arabia. The study model was developed from various sources to raise awareness of institutions. In the Kingdom of Saudi Arabia, the importance of managing risks and opportunities.

Study Problem

Institutions operate mainly within an external and internal environment characterized by a mixture of risks (whether positive - which are called opportunities - or negative), which requires the integration of risk management policy within institutions in terms of systems, processes and cultures.

According to Stolz (1996), the representation of certain risks enables organizations to enjoy a comparative advantage and thus enables them to improve their financial performance. In general, the risk management literature suggests that improved risk management practices improve the financial performance of various organizations.

By analyzing data, decision makers may be able to periodically predict risks and opportunities and exploit them to increase the value of their organizations. The problem of the study stems from understanding what risk and opportunity management is and how risks and opportunities can help organizations improve product quality and company performance. The problem of the study reveals and understands risk and opportunity management practices in order to provide new insights into dealing with risks and managing opportunities.

Study questions

The problem of the study becomes clear when the following research questions are asked:

1. What are the effects of implementing risk and opportunity management strategies on product quality and company performance?
2. What strategies must be followed to manage risks and opportunities in order to achieve the objectives of institutions in general and the objectives of the National Water Company of the Kingdom of Saudi Arabia in particular?

Objectives of the study

The objective of this study is to understand what risk management and opportunity management are and to know the impact of their practices on the performance of institutions and the quality of their products in the public and private sectors in general and in the National Water Company of the Kingdom of Saudi Arabia in particular, in order to provide new insights into dealing with the risks and opportunities faced by institutions in general and the National Company. For water in the Kingdom in particular.

In this study, a comprehensive framework for managing risks and opportunities will be proposed.

The study focuses on the role of risk and opportunity management practices in terms of commitment, employee empowerment, continuous improvement, and development of work mechanisms in influencing the performance of institutions in the public and private sectors in general and in the National Water Company of the Kingdom of Saudi Arabia in particular.

The objectives are focused on the following:

1. Awareness and focus on what organizations may avoid in the future and deal with these risks consciously and what they may invest in dealing with opportunities.
2. Measuring organizational performance in institutions.
3. Raising awareness of the importance of studying, evaluating and analyzing risks and opportunities.
4. Providing recommendations to the board of directors within various institutions.

The importance of the study

Economic trends, global events, and changing technology make organizations more vulnerable than ever before.

Since risk management helps reduce sudden risks, identify opportunities, and maintain business sustainability, through continuous extrapolation of the future and fabrication of “expecting the worst” events and scenarios, it is important to point out that risks and opportunities are two inseparable factors despite their differences. Define them.

Effective risk management tools to identify risks focus on opportunities as much as they focus on risks, noting that failure to monitor opportunities to achieve the entity’s objectives is a risk in itself.

The importance of this research lies in studying the effectiveness of risk and opportunity management plans on the development or collapse of organizations.

The importance of the study lies in the following main considerations:

- Theoretical importance: This study is considered one of the important references in the scientific fields, as this study is considered one of the few studies that addressed the subject of risk management (including exploiting opportunities) and its impact on the performance of institutions in the Kingdom of Saudi Arabia in general and on the performance of the National Water Company in particular. In addition to the possibility of its contribution in providing horizons for other research.
- Practical importance: This study can effectively help institutions in the Kingdom of Saudi Arabia due to its role in developing organizational performance measurement in institutions.

Previous studies and theoretical framework

Chapter Two analyzes existing literature and reveals research gaps in the field of risk and opportunity management. Separate sections also describe and distinguish what they are (Risks, Opportunities, Risk Management, Opportunity Management, Quality Management, Risk Management and Opportunity Management in Water Companies) with explanations and definitions. Functional plans and symbolic plans for managing risks and opportunities will be discussed.

Risk and opportunity management is now more important than ever as an indicator of a company's value and performance. Companies that can efficiently manage their risks and opportunities in order to adapt to the ever-changing, technology-driven business climate are the companies that survive and thrive.

Making good decisions in the face of uncertainty and risk probably began during the earliest human existence. “The essence of risk management,” Bernstein concludes, “lies in maximizing the areas where we have some control over the outcome while minimizing the areas where we have absolutely no control over the outcome and the linkage between effect and cause is hidden from us.”

Experience and new information allowed us to think intelligently about the future and plan for potential unexpected outcomes. Many millennia contributed to our growing ability to distill and use information, but the developments since 1900 are more apparent and useful.

Risk management is one of those ideas that a logical, consistent, and disciplined approach to the future's uncertainties will allow us to live more prudently and productively, avoiding unnecessary waste of resources.

Theoretical premises of the study

Dependent variable

Institution's profits

Independent variables

- Investment in innovation and R&D department
- Investment in human resources and motivation
- Continuous risk monitoring and management
- Collaboration with other governmental enterprises
- Community awareness

First Hypothesis (H0):

There is a significant relationship between institution's investment in innovation (R&D department) and institution's increase in profits.

Second Hypothesis (H1):

There is a significant relationship between institution's investment in HR and institution's increase in profits.

Third Hypothesis (H2):

There is a significant relationship between institution's continuous risk monitoring & management and institution's increase in profits.

Fourth Hypothesis (H3):

There is a significant relationship between institution's collaboration with other enterprises and institution's increase in profits.

Fourth Hypothesis (H4):

There is a significant relationship between community's awareness and institution's increase in profits

Methodology and research methods

Research theories are based on a descriptive and systematic study of managing risks and opportunities. Methodology can be defined as a research strategy in which realistic cognitive principles are transformed into rules that explain how to conduct research. Scientific research is characterized by philosophical and meta-theoretical assumptions related to the nature of reality, knowledge of that reality (epistemology), and methods for knowing that reality (methodology).

The main objectives of this research are to investigate the risk and opportunity management practices adopted to deal with the issue of quality risks, develop a comprehensive framework for managing risks and opportunities, and investigate its impact on the performance of institutions: The context of the current research is the current risk management practices adopted by institutions in the Kingdom of Saudi Arabia. The epistemology of this study can be viewed as knowing what constitutes good risk and opportunity management practice, how to build risk and opportunity management strategies, and what are the best practices for implementing them.

The quantitative research approach will be chosen as the research method in this study to investigate exactly what risk and opportunity management is and its impact on the performance of organizations. Moreover, the objective perspective of the quantitative approach can reflect reality and represent a generalizable result, so the quantitative approach is a more appropriate method of study.

Study tools (data collection tools)

The data for this study's questionnaire was collected from workers in various institutions in the Kingdom of Saudi Arabia, and a descriptive analysis was conducted to show the relationship between the variables of the research.

The questionnaire and sampling used in this study will be designed and the quantitative approach will be adopted to analyze the primary data that will be collected. Moreover, data analysis using SPSS is one of the main tools used to analyze the primary data that will be obtained from the questionnaire survey.

Study limitation

The limitations of the research are as follows:

- Objective limits: The research topic is limited to managing risks and opportunities for institutions in the Kingdom of Saudi Arabia in general: an applied study of its dimensions and its impact on the performance of the National Water Company.
- Spatial boundaries: The research will be applied to the governmental sectors in the Kingdom of Saudi Arabia, specifically to the National Water Company.
- Time limits: The research will be applied in the time period of 2023-2024.