

Midocean University



College of Management

Department of Master Of Business Administration

**Analyzing the Impact of Financial Management Practices on
Public Administration Efficiency in Companies: Al Rajhi bank
case in Jadah**

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Life is full of challenges and the completion of this degree was one of these challenges for me. This report took time more than I expected. A report like this is never the work of anyone alone. The contributions to many different people have made this possible.

List of Content

Chapter one	1
Introduction	2
Study Problem	4
Study Significant	5
Study Goals	6
Study questions (assumptions)	6
Methodology	7
Scope of study	8

Chapter One

I. Introduction:

In today's dynamic external environment, businesses face increasing demands to adapt and thrive in highly competitive markets. This necessitates the formulation of effective business strategies, process enhancements, and organizational transformations to ensure survival and success. Financial management strategies play a crucial role in this context, as they enable businesses to navigate risks, enhance financial performance, and build capabilities, aligning with the principles of the resource-based theory (Shah, 2009). As a result, businesses are under constant pressure to develop, implement, and continuously refine their financial management strategies to remain agile and responsive to changing market conditions.

In the realm of economic literature, the resource allocation activities and management of organizations have received relatively limited attention.

Curiously, accountants and financial managers, both as individuals and as professional groups, have remained largely overlooked in the expanding body of financial management literature (Lightbody, 2000). Consequently, financial management has been relegated to a subordinate role in decision-making processes within public academic institutions (Demba, 2012).

The establishment and maintenance of robust internal controls within public organizations play a fundamental role in achieving internal financial sustainability and effectively managing available funds. Neglecting to adhere to internal control procedures can have detrimental effects on an organization's strategic financial management. Financial management stands as one of the most critical practices for organizations to master. Given the current challenges of financial sustainability faced by public organizations, a comprehensive understanding of best financial management practices becomes imperative in ensuring their financial stability, as emphasized by the theory of budgeting (Dorothy, 2009).

The effective administration of any public organization necessitates the implementation of specific financial management practices, such as a well-defined budgeting process and robust ongoing internal controls. Budgeting, in particular, assumes a critical role in these organizations, as underscored by Anthony and Young (1994).

While the impact of financial management practices on overall management efficiency is a critical aspect of the successful operation of companies, the case of Al Rajhi Bank in Jeddah provides an interesting context for analysis, as effective financial management practices span different areas, including budgeting, investment decisions and risk management. By employing effective financial strategies, Al Rajhi Bank

in Jeddah was able to simplify its administrative processes, enhance operational efficiency, and ultimately provide better services to its customers, and study the impact of preparing an accurate budget on the bank's ability to ensure the optimal allocation of resources, which allows for the effective use of funds and reduces wasteful spending.

II. Study Problem:

The problem of the study revolves around understanding how financial management practices affect the overall efficiency of general management in companies. Specifically, it seeks to examine the relationship between financial management practices, such as budget preparation, investment decisions, risk management, and the efficiency of general management operations in the context of Al Rajhi Bank in Jeddah. The problem at hand includes studying how the financial strategies and practices implemented by the bank affect the effectiveness and efficiency of public administration operations. By analyzing this relationship, the research aims to provide insights and practical implications for improving the efficiency of public management in companies, with a particular focus on the case of Al Rajhi Bank in Jeddah.

III. Study Significant:

The study sheds light on the relationship between financial management practices and public administration efficiency, providing valuable insights into how financial strategies can influence the effectiveness and productivity of administrative processes within companies. Understanding this relationship can help organizations optimize their financial management practices to enhance overall administrative efficiency. Also, the study focuses specifically on the case of Al Rajhi Bank in Jada, offering a practical and real-world context for analysis. By examining the financial management practices of this bank, the findings of the study can be directly applied to the banking sector and provide industry-specific insights. Moreover, the research contributes to the existing body of knowledge in financial management and public administration by examining the impact of financial practices on administrative efficiency. This knowledge can be useful for both academics and practitioners in the field, providing a basis for further research and offering practical implications for companies seeking to improve their public administration processes.

IV. Study Goals:

- Explore how financial strategies, such as budgeting, investment decisions, and risk management, influence the efficiency of administrative processes.
- Provide insights and recommendations on how to optimize their financial management practices to enhance public administration efficiency.
- Provide a basis for further research and contribute to the understanding of the relationship between financial management practices and public administration efficiency.

V. *Study questions (assumptions)*

The study poses the following question:

How do financial management practices affect the efficiency of general management in companies?

The previous question can be answered by proving the validity of the following hypotheses:

The first main hypothesis: There is a statistically significant effect at the significance level of 0.05 between financial management practices on the efficiency of public administration in companies.

- **The first sub-hypothesis:** There is a statistically significant effect at the significance level of 0.05 between budgeting and the efficiency of public administration in companies.
- **The second sub-hypothesis:** There is a statistically significant effect at the significance level of 0.05 between investment decisions and the efficiency of general management in companies.
- **The Third sub-hypothesis:** There is a statistically significant effect at the significance level of 0.05 between risk management and the efficiency of general management in companies.

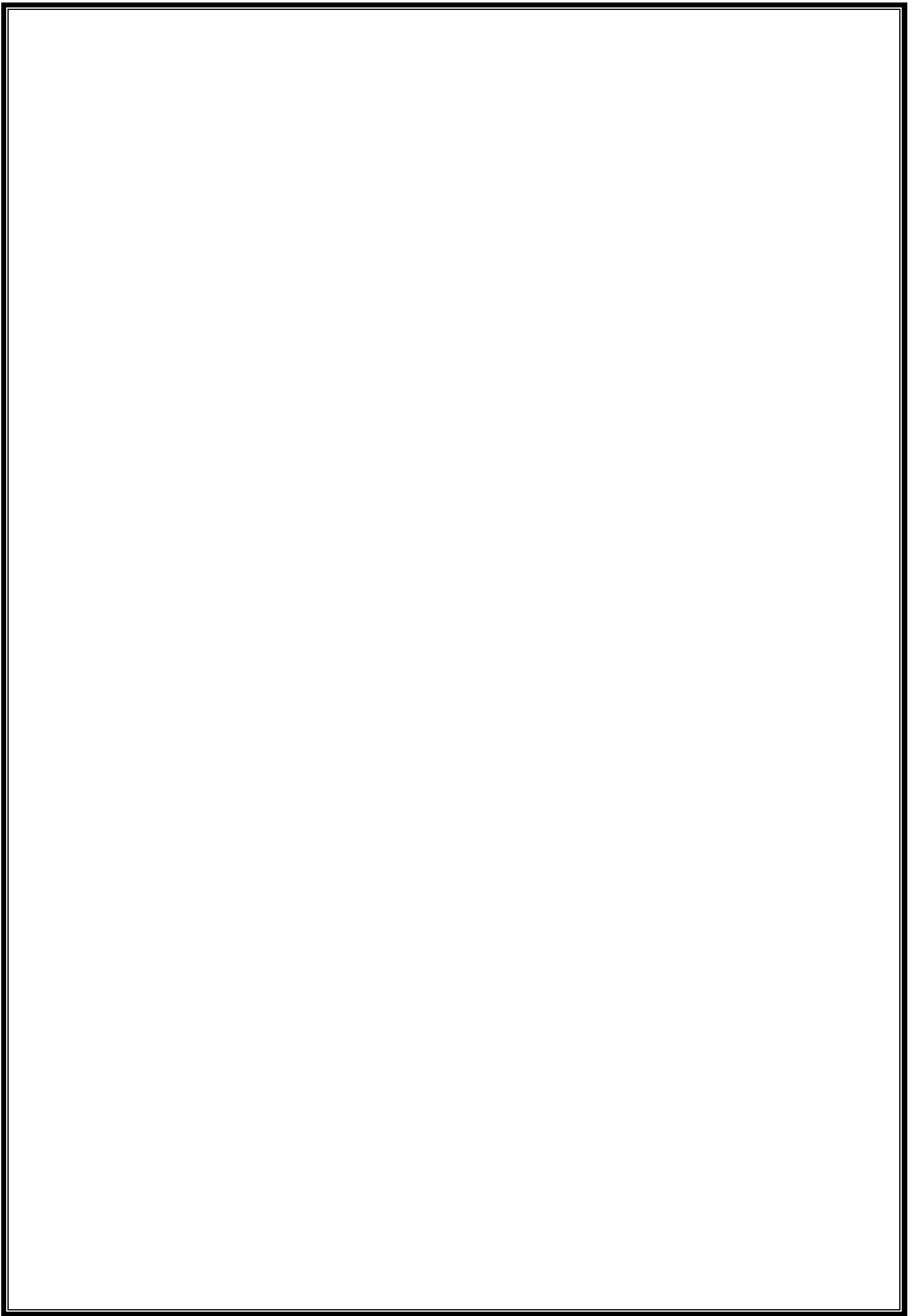
VI. Methodology:

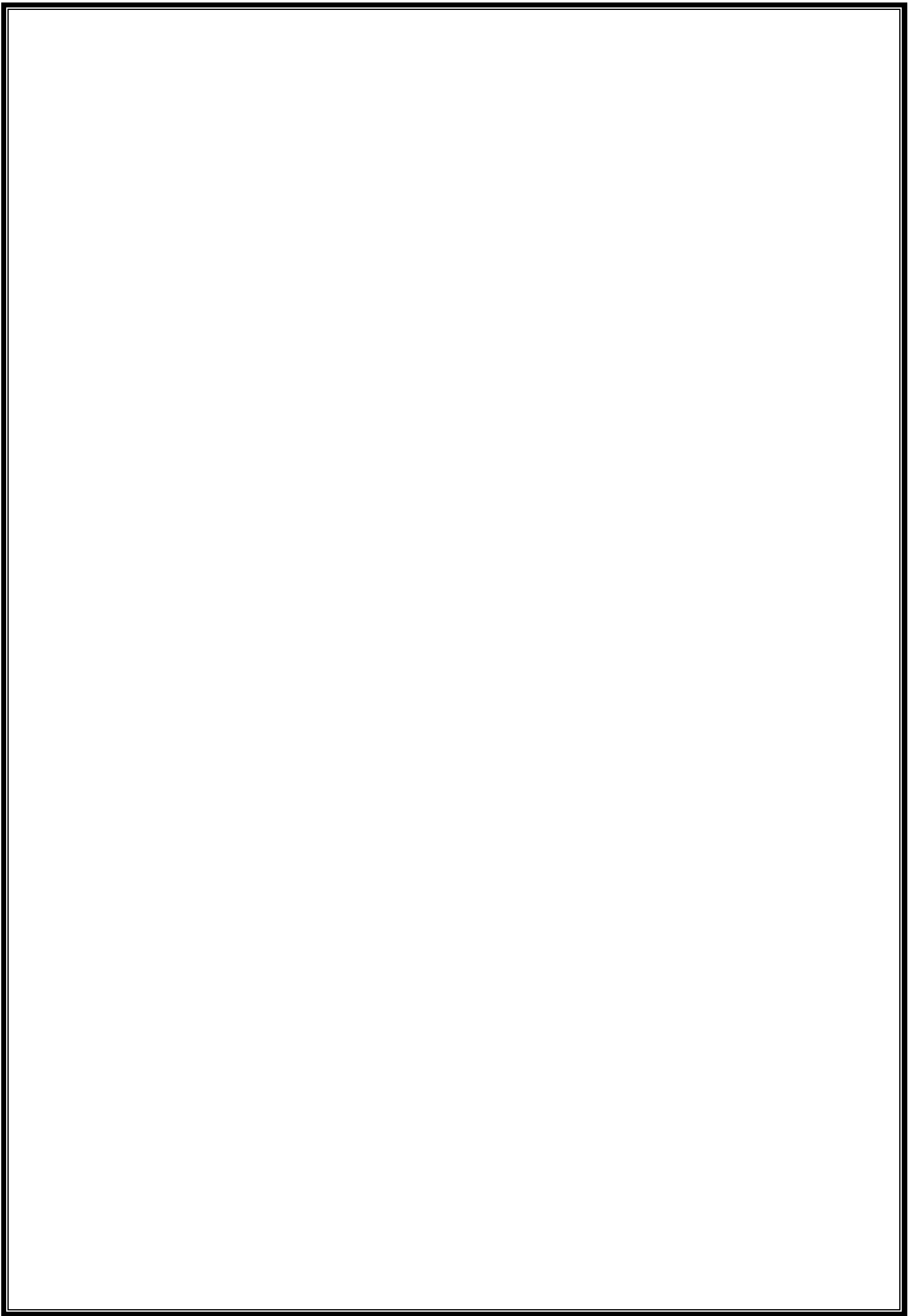
- **Research Design:** The study would adopt a cross-sectional design, collecting data at a specific point in time. This allows for the examination of the relationships between financial management practices and public administration efficiency in Al Rajhi Bank.
- **Sample Selection:** The researchers would select a representative sample of 150 employers from Al Rajhi Bank in Jada, ensuring that it encompasses various departments or units within the organization to ensure statistical validity and generalizability of the findings.

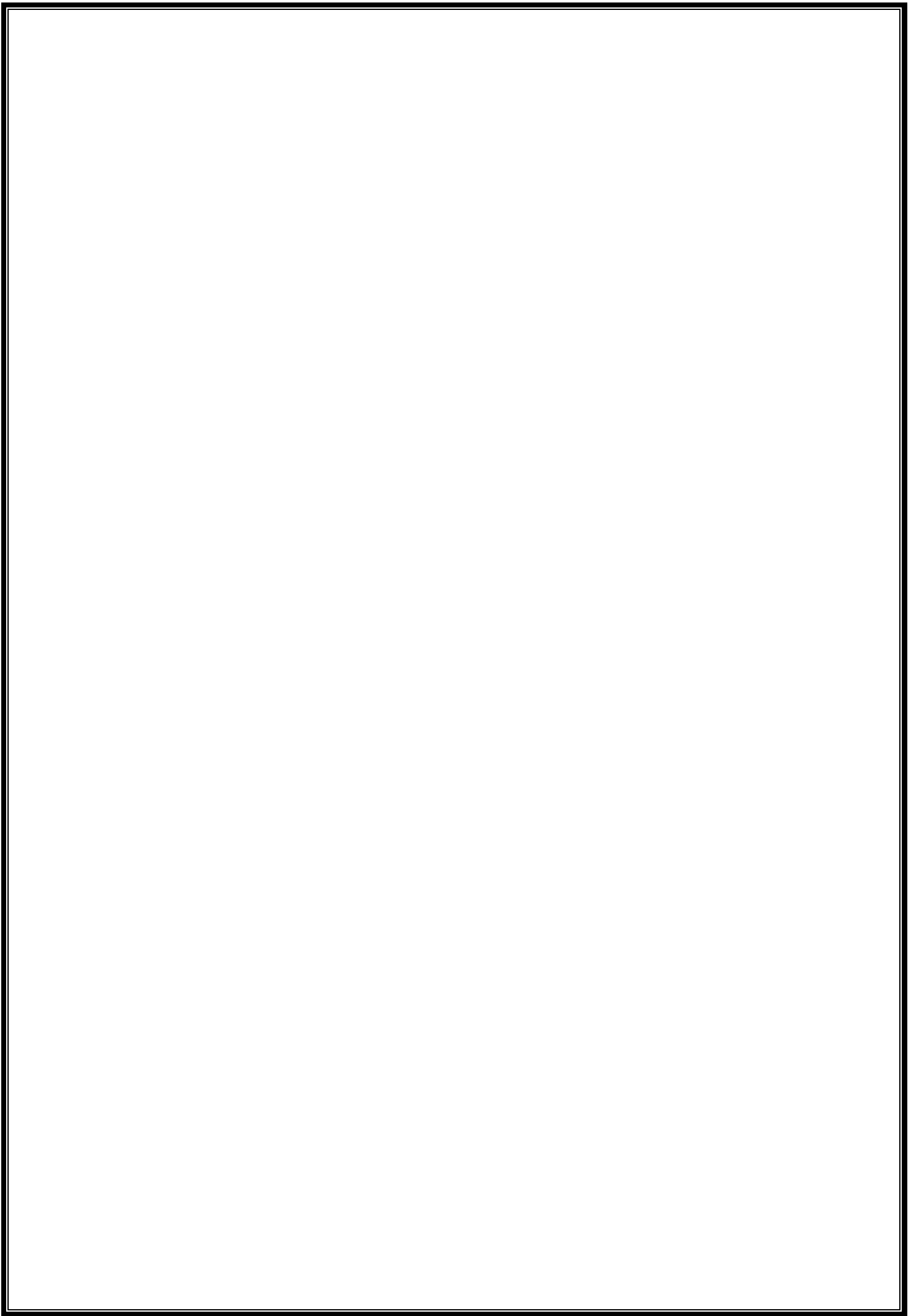
- **Data Collection:** Quantitative data would be collected through questionnaires administered to the selected participants. The questionnaires would include items related to financial management practices (e.g., budgeting, investment decisions, risk management) and measures of public administration efficiency.
- **Data Analysis:** The collected data would be analyzed using appropriate statistical methods. This involve descriptive statistics to summarize the characteristics of the sample and the variables of interest. Furthermore correlation analysis would be employed to examine the relationships between financial management practices and public administration efficiency.

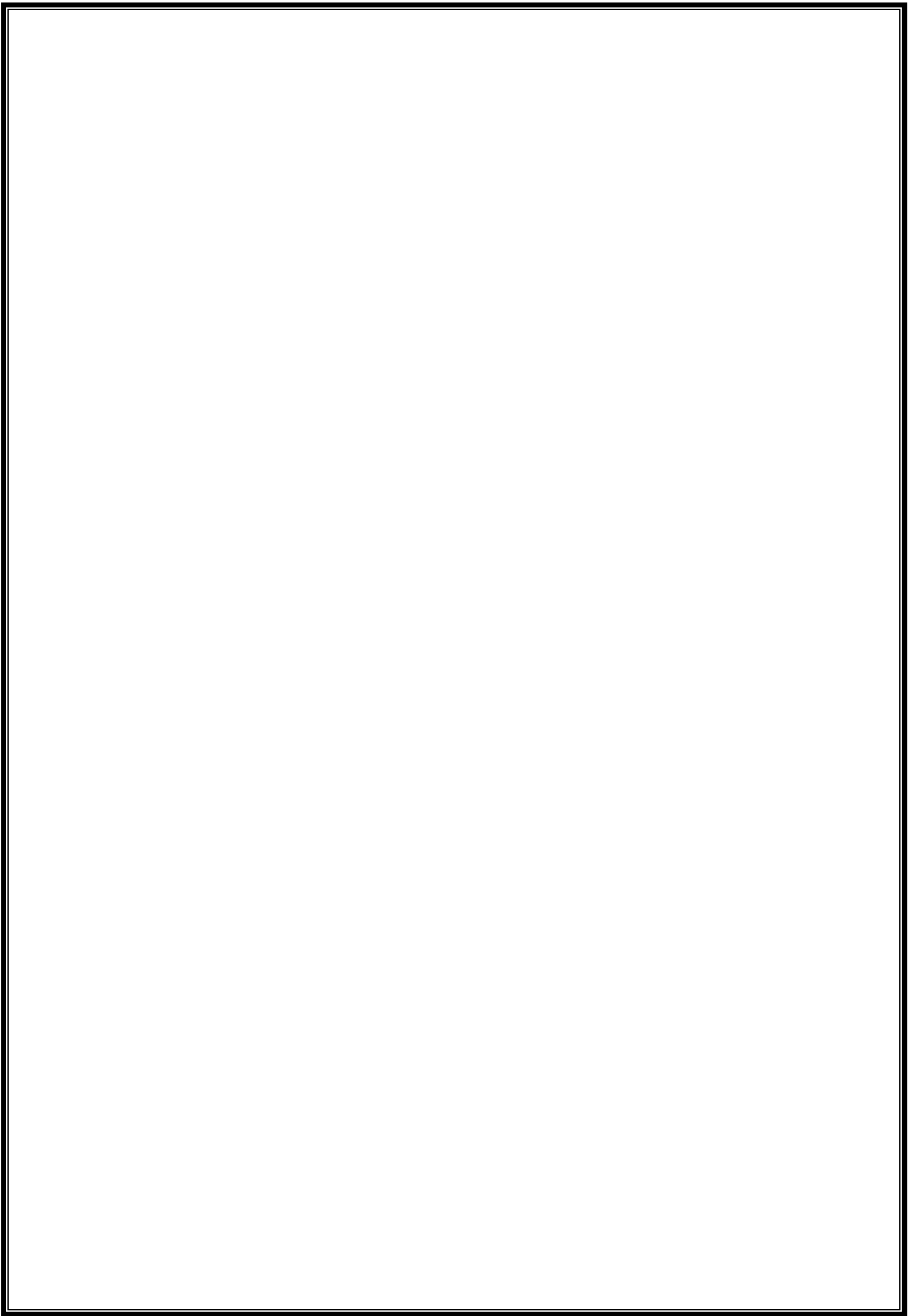
VII. Scope of study:

- **Human scope:** Al Rajhi Bank employees from various administrative and financial departments.
- **Time range:** The second semester of the academic year 2023-2024
- **Spatial scope:** Al Rajhi Saudi Bank - Jeddah Branch









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