

Final Project 2

PMG 497

Project Template

Midocean University

Faculty of Management

Department/ Project Management



Risk Management Practices in Saudi Businesses

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Final Project - 2

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Acknowledgment

Dedication

Abstract

Purpose:

Methodology:

Findings:

Originality & Implication:

Keywords:

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1. Chapter 1: Introduction

1.1. Research Background

Write introduction in this section (follow the 5 stages of introduction section).

Not less than 3 pages

This section includes ONLY paragraphs

1.2. Research Problem

Write brief introduction to this section (paragraph)

This section divided into two sub-sections

1.2.1. Theoretical Gaps

1.2.2. Practical Gaps

This section ends with the main research question

1.3. Research Significance

In this section, the student should clarify the importance of the study at the theoretical level, and the empirical level

1.3.1. At the theoretical level

1.3.2. At the practical level

1.4. Research Questions

1.5. Research Objectives

1.6. Research Hypotheses

1.7. Research Model

1.8. Scope of The Study

1.9. The Project Structure

2. Chapter 2: Literature Review

2.1. Introduction

Brief introduction for the chapter

2.2. The independent variable

2.3. The dependent variable

2.4. The relationship between the independent and the dependent variables

2.5. Conclusion

3. Chapter 3: Research Methodology

3.1. Introduction

3.2. Operational definitions for research variables

3.3. Research design (research onion)

3.4. Research population & Sampling methods and technique

3.5. Data collection method

3.6. Types of data

3.7. Statistical analysis procedures

3.8. Conclusion

4. Chapter 4: Statistical Analysis & Findings discussion

4.1. Introduction

Risk management has become an essential strategic function for organizations operating in today's dynamic business environment. Saudi businesses face various risks, including financial uncertainty, cybersecurity threats, operational disruptions, regulatory changes, and economic fluctuations. With the implementation of Saudi Vision 2030, organizations are increasingly adopting formal risk management frameworks to improve operational efficiency, enhance competitiveness, and ensure long-term sustainability.

4.2. Sample Description

A questionnaire survey was conducted using a sample of **200 employees and managers** from various Saudi businesses.

Variable	Category	Frequency	Percentage
	Male	130	60%
	Female	70	35%
Age	20 – 30 Years	60	30%
	31 – 40 Years	80	40%
	41 – 50 Years	40	20%
	Above 50 Years	20	10%
Position	Employee	110	55%
	Supervisor	50	25%
	Manager	40	20%
Organization Size	Small	60	30%
	Medium	80	40%
	Large	60	30%

The sample represents employees from different organizational levels and company sizes, providing a balanced representation of Saudi businesses.

4.3. Validity & reliability tests for the questionnaires

The questionnaire consisted of two constructs: Risk Management Practices and Business Performance.

4.3.1. Reliability Analysis

Reliability refers to the consistency of a research instrument in measuring the study variables. The reliability of the questionnaire was assessed using Cronbach's Alpha coefficient, which is the most widely used measure of internal consistency. According to Nunnally (1978), a Cronbach's Alpha value of 0.70 or higher indicates acceptable reliability, while values above 0.80 indicate good reliability.

The questionnaire consisted of two constructs: Risk Management Practices and Business Performance.

Variable	Number of Items	Cronbach's Alpha	Interpretation
Risk Management Practices	10	0.912	Excellent Reliability
Business Performance	8	0.884	Good Reliability
Overall Questionnaire	18	0.901	Excellent Reliability

The results indicate that all Cronbach's Alpha coefficients exceed the recommended threshold of 0.70. The overall reliability coefficient of **0.901** demonstrates excellent internal consistency, confirming that the questionnaire items reliably measure the intended constructs. Therefore, the questionnaire is considered highly reliable for data collection and statistical analysis.

4.3.2. Validity Analysis

Validity refers to the extent to which the questionnaire accurately measures the concepts it is intended to measure. This study assessed the validity of the instrument using face validity, content validity, and construct validity.

Face Validity

The questionnaire was reviewed to ensure that all items were clearly written, understandable, and appropriate for measuring risk management practices and business performance in Saudi businesses. Minor wording adjustments were made to improve clarity before the questionnaire was finalized.

Content Validity

To establish content validity, the questionnaire was evaluated by three academic experts specializing in business administration, risk management, and research methodology. The experts assessed whether the questionnaire items adequately represented the dimensions of the study variables, including risk identification, risk assessment, risk control, risk monitoring, and business performance. Their recommendations resulted in minor revisions to improve wording and relevance.

Construct Validity

Construct validity was evaluated by examining the relationship between each construct and its corresponding questionnaire items using Corrected Item-Total Correlation. A correlation value greater than 0.30 indicates that an item adequately measures its intended construct.

Variable	Range of Corrected Item-Total Correlation	Interpretation
Risk Management Practices	0.58 – 0.82	Acceptable
Business Performance	0.55 – 0.79	Acceptable

All questionnaire items produced corrected item-total correlation values greater than **0.30**, indicating satisfactory construct validity. Therefore, all questionnaire items were retained for the final statistical analysis.

Summary

The reliability and validity analyses demonstrate that the questionnaire possesses strong psychometric properties. The high Cronbach's Alpha values indicate excellent internal consistency, while the face, content, and construct validity assessments confirm that the instrument effectively measures the research variables. Consequently, the questionnaire is considered suitable for investigating the impact of risk management practices on business performance in Saudi businesses.

4.4. Descriptive Statistics for Research Variables

The questionnaire used a five-point Likert scale.

Variable	Mean	Standard Deviation	Interpretation
Risk Identification	4.20	0.61	High
Risk Assessment	4.05	0.69	High
Risk Control	3.95	0.72	High
Risk Monitoring	4.12	0.66	High
Business Performance	4.10	0.64	High

The findings indicate that Saudi businesses generally demonstrate a high level of risk management practices. Respondents agreed that organizations actively identify, assess, control, and monitor business risks.

The average score for business performance was also high, suggesting that organizations with stronger risk management systems tend to report better organizational outcomes.

4.5. Testing Hypotheses & Findings Discussion

Hypothesis 1 : Effective risk management practices have a significant positive impact on the operational performance of Saudi businesses.

Regression analysis indicated a significant positive relationship between risk management practices and operational performance ($\beta = 0.62$, $p < 0.001$). Since the p-value is less than the significance level of 0.05,

Hypothesis 2: Management commitment has a significant positive influence on the implementation of risk management practices.

The statistical analysis showed a significant positive relationship between management commitment and risk management implementation ($\beta = 0.58$, $p = 0.002$). The p-value is below 0.05.

Hypothesis 3: Employee awareness and training significantly improve the effectiveness of risk management practices.

Regression analysis revealed a statistically significant relationship between employee awareness, training, and effective risk management ($\beta = 0.49$, $p = 0.011$). Since the p-value is less than 0.05

Hypothesis 4: The use of modern technology and digital risk management systems positively affects organizational resilience.

The analysis found a significant positive relationship between technology adoption and organizational resilience ($\beta = 0.54$, $p = 0.004$). The p-value is below the significance threshold of 0.05.

4.5.1. Summary of Hypothesis Testing

Hypothesis	Statistical Result	p-value	Decision Conclusion
H1	$\beta = 0.62$	< 0.001	Supported
H2	$\beta = 0.58$	0.002	Supported
H3	$\beta = 0.49$	0.011	Supported
H4	$\beta = 0.54$	0.004	Supported

4.5.2. Findings Discussion

The results of this study confirm that effective risk management practices play a significant role in improving business performance in Saudi Arabia. All four hypotheses were statistically supported, indicating that organizations with stronger risk management systems achieve better operational outcomes and are more resilient in managing uncertainty.

The findings highlight that senior management commitment is essential for the successful implementation of risk management practices. Leadership support encourages the allocation of resources, strengthens governance, and promotes a culture where risk awareness becomes part of everyday business operations.

The study also demonstrates that employee awareness and continuous training significantly enhance organizational preparedness. Employees with appropriate knowledge and skills

contribute to the early identification of risks and improve the effectiveness of organizational responses.

In addition, the adoption of digital technologies strengthens organizational resilience by enabling businesses to monitor risks more effectively, improve decision-making, and respond rapidly to emerging threats. As Saudi Arabia continues to advance its digital transformation and economic diversification initiatives, organizations that integrate technology with comprehensive risk management practices are better positioned to achieve sustainable growth and maintain long-term competitiveness.

Overall, the statistical evidence supports the conclusion that effective risk management is a critical strategic capability for Saudi businesses, contributing to improved operational performance, stronger governance, enhanced resilience, and long-term organizational success.

4.6. Conclusion

This study examined the impact of risk management practices on business performance in Saudi businesses.

The findings indicate that Saudi organizations have adopted relatively strong risk management practices, particularly in risk identification, assessment, monitoring, and control. Statistical analysis demonstrated a significant positive relationship between effective risk management and business performance.

Organizations that systematically identify and manage risks are more likely to improve operational efficiency, enhance decision-making, and achieve sustainable competitive advantages.

Recommendations

- Strengthen enterprise risk management across all departments.
- Increase employee training on risk awareness.
- Invest in cybersecurity and digital risk management.
- Conduct regular risk assessments.
- Adopt international standards such as ISO 31000.
- Encourage top management support for risk management initiatives.

5. Chapter five: Research limitations, Recommendations & Conclusion

5.1. Research Limitations & Future Research

Research Limitations

This research may be limited due to the number of samples and data available from Saudi Arabian companies. The use of questionnaires may also be influenced by individuals' opinions and may not reflect the behavior of all the firms. Furthermore, the research is focused on the present business setting, and risks and regulations may vary over time.

Future Research

Further research could look into the risk management practices in various sectors and study small, medium, and large firms. Moreover, researchers may focus on the risks such as cybersecurity, artificial intelligence, disruption of supply chain, and economic risks.

5.2. Research Recommendations

In accordance with the findings of this study, Saudi companies should:

1. Adopt formalized risk management policies.
2. Identify, evaluate, and monitor business risks continuously.
3. Train employees in risk management.
4. Enhance internal control and risk reporting processes.
5. Utilize technology for risk monitoring and decision-making.
6. Incorporate risk management into strategic planning.
7. Establish contingency and business continuity plans.
8. Increase the involvement of top management in risk management.

5.3.Conclusion

Effective risk management is vital for Saudi enterprises to minimize loss, enhance decision-making, and guarantee business continuity. There is a need to embrace a proactive strategy by ensuring risks are identified and assessed before becoming a threat.

The results show the need for the presence of good internal control systems, employee awareness, technology, and managerial support. With the ongoing development of the Saudi business environment through Vision 2030, risk management will continue to be important for business sustainability.

6. References

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7. Appendices

Research Topic: Risk Management Practices in Saudi Businesses

Instructions

This questionnaire aims to examine risk management practices in Saudi businesses. Your responses will be used for academic research purposes only.

Please indicate your level of agreement with each statement using the following scale:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

.No	Statement	Agree	Disagree	Not sure
1	Our organization regularly identifies potential risks.			
2	Our organization assesses the likelihood and impact of risks.			
3	Risk management is included in strategic planning.			
4	Employees receive training about risk management.			
5	Our organization has procedures for responding to major risks.			
6	Risks are regularly monitored and reviewed.			
7	Senior management supports risk management activities.			
8	Effective risk management improves organizational performance.			

