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The Impact of Risk Management Practices on the Organizational Performance: Field Study at Jordanian Insurance Companies

أثر ممارسات إدارة المخاطر على الأداء التنظيمي في شركات التامين في عمان – الأردن

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Authorization

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Thesis Committee Decision

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And my dear mother whose words do not describe its greatness and the love that you have given me as the energy that I need when I sought help from difficulties and was supportive of me from my first moment in life to this day a lady who is unparalleled in the giving which is in itself a knowledge that only he knows

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Dedication

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The Impact of Risk Management Practices on the Organizational Performance in Insurance Companies in Amman -Jordan

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Abstract

This study aims to study the impact of risk management practices on the organizational performance in insurance companies in the Hashemite Kingdom of Jordan, Jordan. In order to implement this study, data were collected from 120 managers who work in Jordanian insurance companies by the questionnaire. When confirming the normal distribution of answers and the validity and reliability of the tool, a descriptive analysis was performed and the correlation between the variables was investigated. Data were analyzed using regression analysis using SPSS 19.

This study showed that most companies operate for a long time. The study demonstrated that risk management practices have an impact on organizational performance, as risk mitigation was the most influencing organizational performance, followed by risk identification, risk assessment, and risk control, and the least impact was the implementation of risk management. All risk management practices have a positive impact on organizational performance. The research recommended that insurance companies should take cost-effective measures to identify risks in a timely manner and effectively mitigate risks

Insurance companies in Jordan should educate their employees about the importance of risk management and their practices and they must continuously evaluate risk management practices to ensure that they are still able to remain in a changing work environment.

The current study was conducted on Jordanian insurance companies. Therefore, researchers recommend in the future, to collect more data over a longer period of time to verify the validity of the current model and measuring instrument.

This study is one of the few studies that have examined the impact of risk management practices on insurance companies in Jordan. The study model has been developed from various sources to develop and increase awareness of Jordanian insurance companies of the importance of risk management.

Keywords: risk management, organizational performance, insurance companies, risk assessment, risk identification, risk mitigation, risk implementation

أثر ممارسات إدارة المخاطر على الأداء التنظيمي في شركات التامين

في عمان–الأردن

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الملخص

تهدف هذه الدراسة الى بحث أثر ممارسات إدارة المخاطر على الأداء التنظيمي لشركات التامين في المملكة الأردنية الهاشمية الأردن

من اجل تطبيق هذه الدراسة تم جمع البينات من 120 مدير الذين يعملون في شركات التامين الأردنية بواسطة الاستبانة. عند التأكد من التوزيع الطبيعي للإجابات وصدق وثبات الأداة، تم إجراء التحليل الوصفي والتحقق منً الارتباط بين المتغيرات. تم تحليل البيانات باستخدام تحليل الانحدار وSPSS، تم تمثيل النتائج باستخدام الجداول.

أظهرت أن معظم الشركات تعمل لفترة طويلة. أثبتت الدراسة أن ممارسات إدارة المخاطر لها تأثير على الأداء التنظيمي، حيث كان التخفيف من المخاطر هو الأكثر تأثيرًا على الأداء التنظيمي، يليه تحديد المخاطر وتقييم المخاطر ومراقبة المخاطر وكان الأقل تأثيرًا هو تنفيذ إدارة المخاطر

التطبيقات العلمية والإدارية: إن جميع ممارسات إدارة المخاطر لها تأثير إيجابي على الأداء التنظيمي. أوصى البحث بأن شركات التأمين يجب عليها اتخاذ تدابير فعالة من حيث التكلفة لتحديد المخاطر في الوقت المناسب وتخفيف المخاطر بشكل فعال

يتوجب على شركات التامين في الأردن القيام بتثقيف موظفيهم حول أهمية إدارة المخاطر وممارساتها وعليهم تقييم ممارسات إدارة المخاطر بشكل مستمر للتأكد من أنهم ما زالوا قادرين على البقاء في بيئة عمل متغيرة.

أجريت الدراسة الحالية على شركات التامين الاردنية. لذلك، توصي الباحثين في المستقبل بجمع المزيد من البيانات على مدى فترة زمنية أطول للتحقق من صلاحية النموذج الحالي وأداة القياس.

هذه الدراسة هي واحدة من الدراسات القليلة التي بحثت في تأثر ممارسات إدارة المخاطر على شركات التامين في الاردن، وقد تم تطوير نموذج الدراسة من مصادر مختلفة لتطوير وزيادة الوعي عند شركات التامين الأردنية بأهمية ادارة المخاطر.

الكلمات المفتاحية: إدارة المخاطر، الأداء التنظيمي، شركات التامين، تقييم المخاطر، وتحديد المخاطر، تخفيف المخاطر، وتنفيذ المخاطر

Chapter One: Introduction

1.1 Background

In recent years, risk management has become a priority for all sectors of the economy, so organizations can protect their interests while achieving their goals. Through risk management, organizations can ensure that it will achieve the desired results, reduce the impact of threats to acceptable levels, and increase opportunities to seize opportunities (Paul Hopkin, Institute of Risk Management, 2012).

Uncertainty can be defined as the inability to know what will happen in the future. Increased uncertainty increases risk, and vice versa, uncertainty, and risk are directly proportional to the importance of the other party (Watson, Armerin& Belton, B. 2018)

The benefit comes from the existence of risk. If there is an opportunity for loss (risk), there is also an opportunity for profit. Facts about the risks faced by the organization (Paul Hopkin, Institute of Risk Management, 2012).

The types of risks can be divided into operational risks and professional risks, business risks, political risks, risks related to human resources, technical risks, health risks, risks to related parties and competition risks (Simkins & Fraser, 2010). The organization's mitigation strategies and measures include administrative, technical, contractual, and security procedures within the scope of business activities.

Currently, managing risk only at the functional level is not appropriate; the current market environment requires a more integrated approach to risk management. All organizations around the world are taking 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 decision making (Berg, 2010). Integrated risk management must be part of the organization's strategy and have a significant impact on risk management within the organization. This approach helps organizations maximize their benefits at the next level. The integrated approach focuses only on identifying and assessing risks and mitigating impacts to minimize acceptable risks. Take risks at an acceptable level and help organizations drive innovation within hermitages (McNamara & Rejda, 2014).

One of the main goals of insurance companies is to build customer loyalty. Organizations can save a lot of money by satisfying customers because they are five times cheaper than attracting new customers. If insurance companies do not consider good strategies to maintain market share, they will face risks. Therefore, effective risk management is essential for all companies. The importance of the insurance industry depends on several factors. The insurance industry provides security and protection by collecting huge premiums that can be invested in the local economy, preventing sudden losses, generating financial resources and generating funds to stimulate growth (RAI, 2012). The insurance industry encourages investment to reduce losses and increase trade and commerce. Insurance plays an important role in sustainable economic development.

Organizational performance is critical to determining business success or failure. Organizational performance allows companies to identify critical problem areas and improve accordingly. Research on an organization's performance is important because it not only identifies the key financial and non-financial factors of success or failure but also evaluates other departments, performance management, performance processes and employees' welfare (Ling & Hung, 2010).

Finally, risk management is a system that works proactively by examining the various risks that may arise and defining procedures and measures that increase the organization's ability to avoid or mitigate the impact of risk processes. At an acceptable level, risk management is the process by which an organization can define risks and evaluate and develop strategies for managing or maintaining those risks (Berg, 2010).

Risk management is a management activity that becomes more important as companies become more global and more competitive. The risk management process consists of a series of steps that define context, define, analyze, assess, process, control, communicate, and continuously improve decision making. By implementing risk, organizations can reduce unexpected and costly emergencies and allocate resources more efficiently. It helps improve communication and improve organizational performance by providing a brief summary of the threats it may face (Pojasek, 2017).

1.2 Study Purpose and Objectives:

The aim of this study is to study the effect of Risk management practices on organizational performance in Jordanian insurance companies

The study focuses on the role of risk management practices (Management commitment, employee empowerment, continuous improvement, and development of business mechanisms for risk management) in terms of risk measurement and analysis

And its impact on these Jordanian insurance companies While the objectives of the study:

1. Providing awareness and focus on what insurance companies may avoid in the future and dealing with these risks consciously

2. Measuring organizational performance in Jordanian insurance companies.

3. Raising awareness of the importance of studying, evaluating and analyzing risks.

4. Provide recommendations for insurance managers and owners of insurance companies that avoiding risks is in itself bringing profit. Insurance companies avoid many losses in the risk management process.

1.3 Study Importance

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

• Theoretical importance

1. This study is considered one of the important references in the fields of scientific research, as this study is considered one of the few studies on the subject of risk management practices in Jordan, according to the researcher’s knowledge.

2. This study can contribute to providing prospects for other research in risk management practices

• Practical importance

1. This study can effectively assist insurance companies in Amman, given their role in developing the organizational performance measurement in insurance companies.

2. Determine how risk management practices affect organizational performance in insurance companies in Jordan.

1.4 Problem Statement

Insurance companies operate mainly at risk, more than others it manages corporate risks and risks of each of its customers. This requires the integration of risk management systems, processes and culture of the company. Pushing many stakeholders on their institutions to manage their risks effectively and transparently reporting their performance through these risk management initiatives. Banks (2004) argues that some risks can and should be retained as part of the core business operations and actively managed to create value for stakeholders, while others should be transferred elsewhere, as long as it is cost-effective to do so (Banks, 2004).

According to Stulz (1996), to represent certain risks, a company can have a comparative advantage and thus enable it to improve financial performance. In general, a review of risk management publications appears to indicate that improved risk management practices improve the company's financial performance. By linking risk and performance management, companies can ensure a more effective and efficient understanding of the value of implementing risk management practices (Stulz, 1996). High-risk maturity is associated with improved stock performance for most companies. Ernst & Young (2012) It also reinforces this view by suggesting that companies with the most mature risk management practices outperform their peers financially, and tend to generate the highest rate of revenue growth. Ernst & Young (2012) Several studies have been conducted on risk management and performance by companies (mostly banks) in Jordan, but little has been studied on insurance companies.

There are some risk management practices and greater importance on organizational performance than others are, that is, the existence of a risk management policy and the integration of risk management in defining organizational goals and considered that the basic practices for risk management that had a direct impact on organizational performance (Dionne, 2013). The problem of the study revolves around those insurance companies in Jordan face economic challenges, which makes these companies have a weak assessment and identification of the risks that cause insurance companies to make decisions that can cause financial losses that adversely affect insurance companies in Jordan.

The very important part of the insurance companies 'work is a wise management of the surrounding risks that may happen to the insured and it becomes the duty of the company to compensate them for losses or in the event of internal risks to the company as a result of many types such as insurance Risk; which is underwriting, risk associated with the uncertainty of business written in the future (Hull, 2018). Market Risk is the risk associated with movements in interest rates, forcing exchange rates or asset prices to lead to an adverse movement in asset values (Hull, 2018). Credit Risk; if another party fails to perform them in time i.e. if the party fails to pay the credit. So, allowance should be made for the financial effect of non-payment of reinsurance and of the non- payment of premium debtors. Liquidity Risk; it is the risk that a firm has insufficient financial resources to meet its obligation as they fall due or can only secure the resources at excessive cost. Operational Risk; it is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from External events (Hull, 2018). These risks directly affect the organizational performance, as the organizational performance of the company deteriorates significantly in the event of any of these risks. (Markowitz ،1952)

Jordan's insurance market currently consists of 24 insurance companies. One is registered as a life insurance company, 9 is a non-profit company and 14 is a comprehensive company (Jaloudi, 2018). In 2016, Jordan's total written premiums were 582.9 million JD and the total paid was 438.9 million JD. In the same year, the sector previously achieved net income 35.1, return on assets 3.8%, and return on capital 10.2%. Jordan's insurance industry faces many challenges that require our attention (Jaloudi, 2018).

Risk management as a business system has undergone a widespread change. Favorite new recognition has been given the field as Businessmen, lawmakers and the general public feel the effects of this Volatile insurance courses and learn about the important contribution to an effective risk management program. After theoretical development and systematic collection of data related to effective risk management practices were scarce. The research mentioned in this manuscript is an effort to fill in some of that and talking about insurance companies in Jordan takes us to talk about risk managers or risk management officials who occupy these positions, it becomes clear that they have little experience in the field of risk management and work in this field without having their qualification certificates (Jaloudi, 2018).

Note that most risk managers in Jordanian insurance companies are from backgrounds of other operating divisions based on the above, this study will investigate the impact of risk management practices and organizational performance in Jordan.

1.5 Study Question

Based on the above problem statement, this study focuses on determining the current status of risk management in the Jordanian insurance industry. This can be achieved by answering the following questions:

1. What is the level of current risk management practices in Jordanian insurance companies?
2. What is the level of current organizational performance in Jordanian insurance companies?
3. Does risk management practice impact organizational performance in Jordanian insurance companies?

Based on risk management dimensions, the question is developed:

4. Does risk identification impact organizational performance?
5. Does risk assessment impact organizational performance?
6. Does risk management mitigation impact organizational performance?
7. Does risk management implementation impact organizational performance?
8. Does risk management monitoring impact organizational performance?

The first and second questions are answered by the descriptive analysis, while the question from four to eight is answered by testing the following hypotheses.

1.6 Research Hypotheses

Based on research questions, the researcher has proposed these hypotheses to best answer the questions:

H_{01}: Risk management practices do not impact the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

H02: Risk identification impact organizational performance, at α≤0.05

H03: Risk assessment impact organizational performance, at α≤0.05

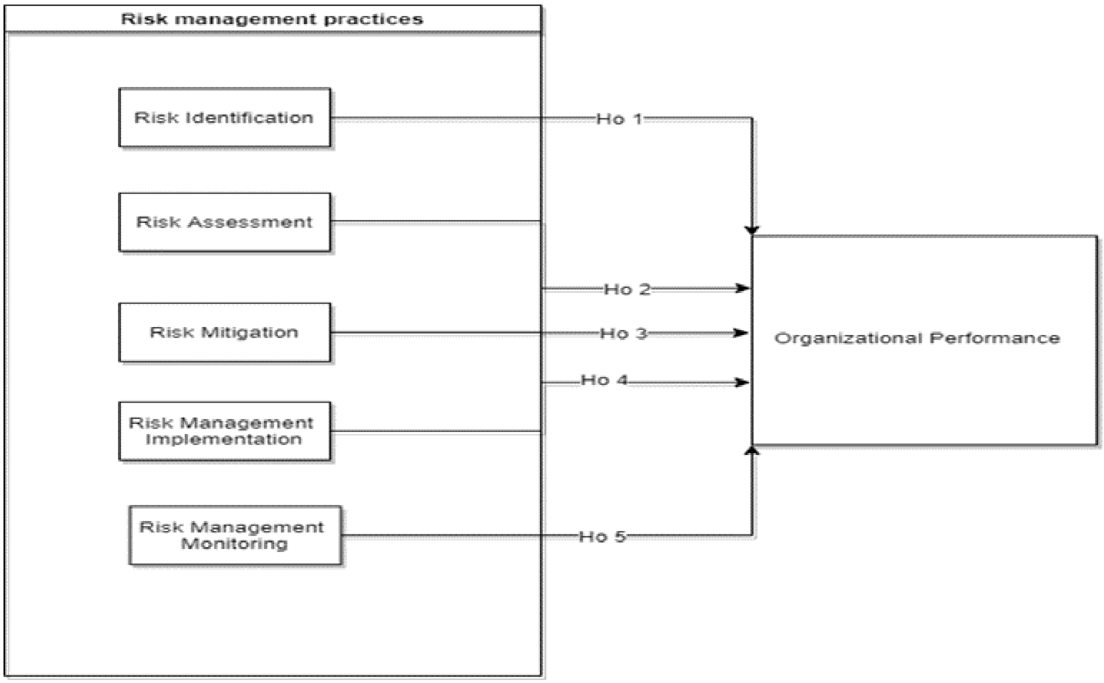
H04: Risk mitigation impact organizational performance, at α≤0.05

H05: Risk management implementation impact organizational performance, at α≤0.05

H06: Risk Management monitoring impact organizational performance, at α≤0.05.

Study Model: Based on the literature review, and all of the above, it was found that there are five independent variables (risk management practices) and one dependent variable, which is organizational performance.

Figure 1: Study Model



Source: The study model developed based on: (Tuncel and Alpan, 2010; Azari, et al. 2011; Altanashat, Al Dubai and Alhety, 2019).

1.7 Study Limitations

The main limitations of the study can be summarized as follows:

- Human limitation: It consists of managers and risk managers in insurance companies
- Place: the study was conducted in Amman city only.

- Time limitations :The expected period for completing this study is from October 2019 to January 2020

1.8 Study Delimitation:

- The empirical study will depend on data collected from managers in insurance companies, so the generalization of these results would be questioning.
- Lack of prior research to study risk management practices in Jordan's insurance sector.

1.9 Operational Definitions

Risk: Uncertainty about the outcome of actions and events (positive opportunities or negative threats). It is a mixture of probability and influence, including the importance of perception.

Risk management: All processes including risk identification, assessment, appraisal, property determination, measures to mitigate or predict risks, monitoring and confirming progress.

Risk management practices: Inform and document how to conduct risk management activities, such as risk identification and analysis, response planning, monitoring, control, and reporting.

Risk Identification: The process of identifying risks that may affect the project and documenting the characteristics of those risks. The five main sources of risk are production, sales, finance, legal and humanitarian.

Risk assessment: The process of analyzing the risks identified in previous steps and determining the management environment. In addition, managers must associate goals with risks that may affect them. Finally, this process needs to consider the potential and impact of potential and residual risks.

Risk mitigation: Measures taken to reduce the likelihood or impact of risk. Risk management implementation: The process of developing options and procedures to increase opportunities and reduce risks to project objectives.

Risk monitoring: Identify risks, analyze and plan processes, monitor specific risks, re-analyze existing risks, monitor risk triggers, and symptoms, and review the implementation of risk response strategies to assess their effectiveness.

Organizational Performance: Measuring actual results or outcomes against intended outcomes or outputs (or goals and indicators). In this study, the performance indicators included suspected improprieties, quick response, improvement of sales revenues, customer satisfaction and else.

Chapter Two: Theoretical and Conceptual Framework

2.1 Chapter Overview

This chapter focuses on the basic concepts and principles and the risk management cycle and gives an overview of the literature on risk management development.

2.2 Risks and Risk Types

Risk is defined as an adverse or negative event that has the potential to adversely affect the organization. According to decision making is risk in itself, and it can be measured by examining several factors such as risk, event, and risk. He noted that the main factors were the severity and frequency of the incident (Mazouni, 2008).

Risk management is the measure used to identify, analyze and respond to specific risks. Risk management not only reduces the chance of bad events but also ensures that good things happen (KANCHU & KUMAR, 2013).

Fundamental and economic risks affect many people, such as earthquakes and unemployment. However, special risks represent risks that affect a specific group of people, such as theft or vandalism. Not all basic risks are insured by the insurer because if the insurer insures for the basic risk, the insurer will suffer significant losses. Some of them (such as storms and injuries) are insured. However, almost all private risks are guaranteed by insurance companies (Muzaffar,2015)

Insurance companies try to reduce financial losses by reducing convergence in some areas and relying on reinsurance (Scor, 2012). states that reinsurance means that insurers large insurance companies to compensate for possible financial losses. During this period, the government guarantees certain basic risks, such as unemployment. Insurance companies cannot guarantee any of these risks. Because the government is capable of doing so, it cannot control them. Basic risk and special risk can be divided into pure risk or estimated risk (Scor, 2012).

The primary risks affect not only people but also the organization. For example, a group of risks that affect an organization is called "business risks" (Grinsven, 2010). In addition, speculative risks affect organizations. These risks can be divided into strategic, operational and financial risks. Strategic risk is related to the purpose of the organization, the vision, and the mission of the organization. Therefore, if an organization changes its business equipment, policies, or procedures to increase the effectiveness and efficiency of the organization, thereby increasing profits, it can lead to higher loss rates (Grinsven, 2010).

Operational risk comes from daily work within the organization. For example, employee injury or data corruption due to poor security or poor backup strategies. This affects the organization's ability to continue to provide products and services. Financial risk comes from the turbulence of financial markets, because financial risk may cause financial institutions to suffer losses. Speculative risk is the main risk facing any organization, and organizations are actively trying to reduce this risk. Many people are interested in hiring and hiring departments to manage project risks (Storkey, 2001).

The most important risk facing the insurance industry is a financial risk, which can be divided into five categories. The first is market risk; it focuses on asset deterioration due to changes in major market factors. Second, credit risk is the inability of a company to pay its debts. Third, operational risk is defined as "the risk of loss due to improper or defective internal operations, personnel, systems or events". Fourth, liquidity risk is caused by a lack of cash flow, which prevents companies from complying with their short-term debt. Fifth, improper application of existing laws or changes in laws such as tax laws will create legal and regulatory risks (Basel Committee, 2001).

However, in recent years, non-financial risks have increased due to problems and increased losses caused by operating and technical systems. As a result, complications increase the risk of failure. In recent years, the unorganized insurance system has developed rapidly. Like other sectors of the economy, the insurance industry is threatened by the entry of new competitors, especially global competitors, because globalization makes competition very difficult. In addition to these aspects, the value of insurance company cash flows is also affected by volatility factors (Grinsven, 2010). This indicates that the value of the insurance company is calculated based on the present value of the future cash flows of the risk to what these companies support.

2.3 Characterizing Risk Management

Before defining risk management and its characteristics; risk must be clear as a phrase. risk is a case that has been tested in an adversarial environment or where there is a possibility of deviating from the expected or desired outcome (Bessis, 2011). defined risks as being anything that limits the achievement of predetermined goals, This definition is consistent with the Business Dictionary, which defines risk as a possibility or threat of damage, injury, liability, loss or other adverse consequences arising from external or internal vulnerabilities that can be avoided through preventive action (KANCHU & KUMAR, 2013).

Risk management includes making informed decisions about the acceptance or treatment of risks, and the elimination of the consequences of major events or the occurrence of dangerous events, In addition, risk management refers to the policies, procedures, procedures, and tools used to manage and accept risks (Berg, 2010). Risk management can also be defined as management activities designed to predict, measure, and evaluate risks. Manage risk by avoiding risks, reducing negative impacts, reducing impacts to acceptable levels, and developing management strategies that accept all or part of the risk outcome (Dionne, 2013).

The financial institutions (banks or insurance companies or others) need to manage the credit risk inherent in the entire portfolio as well as credit or individual risk. Because the financial institution's survival and competitiveness depend on its organizational performance and risk management and probability (Stulz, 1996). good governance is a "defensive mechanism and offensive weapon" used by institutions based on corporate governance. Risk management is critical in financial institutions and requires considerable attention from shareholders, regulators, practitioners, and scientists, as many of the major losses are the result of poor risk management in the organization The culture of risk management should leak from the first line employee to the board level (Bezzina, et al., 2014).

Risk management can be described as a systematic process of dealing with uncertainty. This is an important area under the broad theme of management. It can also be used to respond to adverse events. In this sense, it helps you prepare for the worst. Finally, it is a system that supports decision making. It provides multiple options and methods to help administrators choose a method that is less likely to fail (McNamara & Rejda, 2014).

2.4 Organizational Performance

Performance is the achievement of goals set by employers, the provision of services or the acceptance of products paid to customers, and leads to the survival, development, growth, and profit of the company. Performance is a strategy associated with each activity in an organization, and its implementation depends on the organization, industry, and environment (Samsonowa, 2012).

Organizational performance is the performance of different departments within the organization, and there are specific schedules to achieve the overall goal at different stages. It is also the ability of an organization to achieve its goals by using resources effectively and efficiently. An organization's performance includes a comprehensive assessment of all departments in the organization and determines success and failure factors. Organizations prioritize productivity, quality, and overall consistency. With respect to non-financial factors, one of the most important determinants of an organization's performance is the behavior of employees in the workplace. Employee performance ultimately affects the success or failure of an organization (Ling & Hung, 2010). Hence, employees are mentioned here because they are the responders for the questionnaire.

According to Camps and Luna (2012), the performance of an organization depends on the practice of the organization's high-performance business system. These practices certainly include risk management practices (Camps & Luna- Arocas, 2012).

Organizational performance is a phenomenon that has been widely studied by many researchers. It can be measured by internal and external factors. Cunningham (1977) highlights only the main factors that affect an organization's performance. He identified seven criteria that can be used to measure the performance of a particular organization. The first is "rational model theory", the second is "system resource model theory", the third is "functional model theory", and the fourth is "organizational development model theory". The fifth is the theory of negotiation models, and the sixth is the theory of structure-function models. Seventh is the "Theory of Management Process Model", which includes organizational processes and the knowledge of managing these processes (which is the most important for this study since risk management practices are managed by managers and risk managers) (Cunningham, 1977). The theory of the seven models places special emphasis on fundamental measures of an organization's performance, not on its size.

Several studies have shown that there is a strong correlation between organizational performance and the implementation and application of risk management. Therefore, if risk management practices are implemented and implemented effectively, the overall performance of the organization will be improved. By propagating a risk management culture within an organization, managers can improve their organization's performance. Effective employees are the cornerstone of business success, especially given the poor culture of worker organization Baxter, Bedard, Hoitash & Yezegel (2013).

The aim of this study was to determine whether organizational factors had an intervening effect on the relationship between strategy typology and organizational performance. Organizational factors that comprise shared values, skills and systems enable companies to adopt the correct strategy and direct the conduct of their business to achieve superior performance. The research was based on Resource-based theory which postulates that firm resources consist of assets, capabilities, competences and definitive techniques among other organizational factors. The firm resources

enable the firm to formulate and implement strategies that are aimed at enhancing organizational performance. Positivism research philosophy and a descriptive cross-sectional survey were used in this study. Stratified random sampling was applied to obtain a study sample of 120 freight forwarding firms. Primary data was collected using semi-structured questionnaires. Data were analyzed using regression analysis. The results of the study showed that there was a significant influence on strategy typology on organizational performance. However, the study found that organizational factors have no significant intervening influence on the relationship between strategy typology and organizational performance. This indicates that the management should consider enhancing the skills of their human resources and instill the virtues of shared values across various organizational functions. Also, develop systems that are endowed with technology that would ensure the seamless flow of communication that enhances firm performance (Gakere, et.al 2020).

the concept of credit risk management can be regarded as the center of commercial banks. In analyzing the borrower's solvency, it plays an indispensable role in the performance of financial institutions. Unpaid loans reduce the interests and rights of banks, and if banks fail to meet their obligations, they can lead to bankruptcy. In this article, existing theoretical and experimental literature identifies appropriate systems for measuring credit risk management. Then it analyzed the impact of credit risk management on bank profitability and its survival in Iran. As a result, models for the period from 2005 to 2016 were estimated using the bank team and financial data methods. The results of this study indicate that there is a significant relationship between risk management, profitability, and survival. Bad credit risk management will reduce the profitability and viability of banks (Ahmadyan, 2018).

2.5 Previous Studies

Akhal et al. (2006) study titled: "Quality Management Practices and Their Impact on Performance". Aimed to investigate the relationship between quality control practices and performance impacts. First, key quality management measures were identified and divided into three broad categories: management, infrastructure, and basic measures. Next, a model was proposed and tested linking these practices to pilot performance. The experimental data comes from a survey of 133 Tunisian companies in the field of plastics processing. The results show a positive correlation between quality control practices and organizational performance. In addition, the results indicate an important relationship between management practices and infrastructure. In addition, the results show the direct impact of infrastructure practices on operational performance and the direct impact of basic practices on product quality.

Hunjra at el. (2010) study titled: "Financial Management Practices and Their Impact on Organizational Performance". Measure the relationship between organizational performance and financial management practices, such as capital structure decisions, dividend policies, investment evaluation techniques, working capital management, and financial performance evaluation in the Pakistan business sector. The survey sample includes approximately 40 companies with operations in Pakistan that are related to various sectors and listed on the Karachi Stock Exchange. Corporate finance and financial analysts responded to the questionnaires identified in corporate records and references. The survey is self-managed and data can be collected from respondents. The results indicate a positive and important relationship between the financial management practices of Pakistan's various business units and the performance of the organization.

Aslam and Sarwar's (2010) study titled: "Improving Performance Management activities in IT firms of Pakistan", points out that the practice of performance evaluation shows that the expected results have been achieved. Several authors have developed methods for measuring organizational performance. This includes financial performance over time, business and operational performance, quality and flexibility, customer perspective, internal process perspective, learning, and growth perspective.

Pagach and Warr (2010) study titled: "The Effects of Enterprise Risk Management on Firm Performance". Studied the impact on corporate long-term performance by studying the financial characteristics, assets, and market evolution of adopting ERM (Enterprise Risk Management) principles. Using a sample of 106 companies that announced they were hiring CROs (Chief Risk Officers), they found that companies that adopted ERM were facing a decline in stock price volatility. Similarly, companies using CRO increased asset opacity and reduced market value and profits compared to revenue volatility compared to similar companies that did not specify CRO in the industry group. In addition, these researchers found a negative compact between changes in the company's market value and changes in profits.

Tuncel and Alpan (2010) study titled: "Risk Assessment and Management for Supply Chain Networks: A Case Study, Computers in Industry". Emphasize the importance of supervision and inspection for auditors and managers to study and analyze the financial system. The key variables that influence risk management, such as international impacts, evaluation, and analysis, are risk management processes, risk understanding, risk management, evaluation and analysis, and risk controlling and monitoring.

Kinyua (2010) study titled: "The Assessment of Risk as a Component of Corporate Strategy in Selected Life Insurance Firms in Kenya, Unpublished MBA

Project", conducted a survey on the risk assessment that is part of the business strategy of some life insurance companies in Kenya. This study used the study description plan. The survey included only 23 insurance companies specializing in life insurance. The survey results show that the top three risks faced by insurers are competition risk, regulatory risk, and sector economy risk. The competitor's risk profile is that the deterioration of the economic situation has not improved the company's competition in the banned market. Given the actual risks associated with business strategy, this study suggests that insurers can further enhance the deployment of strategic planning tools to understand the strategic planning process from an external perspective.

Saleem (2011) study titled: "Do Effective Risk Management Affect Organizational Performance". Proposed a survey that will reflect the current risk management practices of Pakistan's software development sector. According to data collected from 25 organizations working in software development, risk management practices are not widely used by organizations and most have no policies and document to properly manage risk. As a result, these organizations cannot manage risk systematically and may face negative consequences due to informal methods. However, some companies have implemented very effective risk management techniques.

Azari et al. (2011) study titled: "Risk Assessment Model Selection in Construction Industry. Expert Systems with Applications" Stressed that risk assessment is a very important step and a major challenge for financial institutions and institutions. Therefore, a method for measuring risk must be developed. This study shows acceptable risk management tools for each identified risk.

Ariffin and Kassim (2011) study titled: "Risk Management Practices and Financial Performance of Islamic Banks: Malaysian Evidence". In Malaysia, the purpose of this study was to analyze the relationship between risk management practices and the financial performance of the Islamic Bank of Malaysia. To this end, the study assessed the current risk management practices of Islamic banks and linked them to their financial performance. The survey uses questionnaires and supporting data (annual reports). The results of this study illustrate current risk management practices at the Islamic Bank of Malaysia. The study hopes to contribute to suggesting strategies to improve the risk management practices of Islamic banks and make the industry more competitive by evaluating current risk management practices and linking them to the financial performance of Islamic Bank.

Mokni et al. (2012) study titled "Risk management tools practiced in Islamic Banks: Evidence in MENA Region", defines risk management as the core business of each financial institution, including risk identification, measurement, monitoring, and control. Therefore, risk managers need to have a comprehensive understanding of risk, measure risk exposure and effectively perform commissioned tasks

Hameeda and Al Ajmi (2012) the study titled: "Risk Management Practices of Conventional and Islamic Banks in Bahrain", conducted a survey on traditional and Islamic banks in Bahrain. The purpose of this study is to understand the risk management practices of these banks. Their research shows that Bahrain banks have a good understanding of risk and risk management and have an effective way to identify, analyze, monitor and analyze credit risk. In addition, they show that credit, liquidity and operational risk are the biggest risks for traditional and Islamic Bahrain banks. Risk management practices were identified through the understanding of risk and risk management managers, effective risk identification, risk assessment analysis, risk monitoring, and credit risk analysis. The study found that Islamic banks are quite different from traditional banks in terms of risk and risk management. Islamic banks are known to be much riskier than traditional banks.

Rasid at el (2012) study titled: "Risk Management, Performance Measurement, and Organizational Performance: A Conceptual Framework". During the recent global financial crisis and corporate bankruptcy, stakeholders in the entity monitored the main risks facing the organization to ensure that the value of the stakeholders was maintained and enhanced. Called for its strengthening. The growing response to this expectation is the emergence of a new model called "enterprise risk management" or "ERM" as an internal control system. At the same time, organizations are implementing PMS as one of the key management and control systems for business success. Considering the importance of these two control systems, the possibility of integrating ERM into an existing PMS should be considered. Risk management should complement the menstrual cycle by identifying and mitigating risks to achieve strategic goals. Because empirical evidence for this connection is still lacking, this article explores the relationship between risk management and PMS. The purpose of this study is to first provide an alternative approach to integrating ERM and PMS frameworks. Therefore, ERM and BSC (as the most commonly used PMS) are two strategic management and control systems that show similar but different similarities. In addition, strategy and risk management are two aspects of the same currency. It must be considered at the same time. A discussion of the advantages and disadvantages of the different ways of integrating ERM and BSC is beyond the scope of this article, but it is still an interesting area for future research. At the same time, it is necessary to adopt an experimental method to test the effectiveness of the framework proposed in this study. This shows that using the organization's existing BSC with the ERM framework will improve the organization's performance.

Khalid and Amjad (2012) study titled: "Risk Management Practices in Islamic Banks of Pakistan". Sought to assess the extent to which the Islamic Bank of Pakistan uses risk management practices and techniques (RMPs) to manage various risks. Using standardized questionnaires to cover, risk management and risk understanding (URM), risk assessment and analysis (RAA), risk identification (IR), risk monitoring (RM), credit risk analysis (CRA), and RMP. The study found that Islamic banks are somewhat effective in risk management because URM, RM, and CRM are the most influential variables in RMP.

Gholami et el. (2013) study titled: "Investigating the Influence of Knowledge Management Practices on Organizational Performance: An Empirical Study". Which aimed to use a structural equation model to investigate the impact of knowledge management practices on the organizational performance of small and medium-sized enterprises (SMEs). A simple random sampling of 282 senior managers in these companies was selected and the data were analyzed using a structural equation model. The results show that knowledge acquisition, knowledge storage, knowledge creation, knowledge exchange, and knowledge implementation are important components of knowledge management. Similarly, productivity, financial performance, employee performance, innovation, business relationships, and customer satisfaction can have a significant impact on organizational performance. Finally, the survey results show that knowledge management practices have a direct impact on the organizational performance of small and medium-sized organizations.

Roslan and Dahan (2013) study titled: "Mediating Effect of Enterprise Risk Management Practices on Risk Culture and Organizational Performance". This study found that leading organizations around the world agree that risk management is critical to maintaining this global and highly competitive world. Business risk management (ERM) has become a new universal concept for the overall management of organizational risk. Therefore, this study broadens the literature in the field by providing evidence of the Malaysian environment and strengthening the limitations of knowledge in the field. The conceptual framework in this study illustrates the important relationship between risk culture and business risk management and its impact on organizational performance. Two hypotheses must be tested experimentally using the proposed framework. The adoption and implementation of business risk management within Malaysian organizations have only just begun. The purpose of this research is, therefore, to expand the literature in this area in terms of improving good corporate governance under the National Integrity Program (PIN). In addition, this document provides an overview and understanding of policies that enforce business risk management standards and provides clear standards for future quality approvals. Additional research is recommended to test other factors that may affect the adoption and implementation of business risk management practices. The concept paper is subject to certain limitations around similar theories and theoretical studies.

Bezzina, Grima, and Mamo (2014) study titled: "Risk Management Practices Adopted by Financial Firms in Malta". Tried to illustrate the risk management practices adopted by Malta's corporations. It aims to firstly, define the risk management strategies and mechanisms used by these companies to manage risk, maximize opportunities and maintain financial stability. Second, determine whether these practices are considered a contribution to initial performance. Third, consider the availability of risk management functions and the company's competitive advantage. Fourth, investigate whether CSR is a key factor of business risk management strategy. A self-administered questionnaire designed specifically for this study was distributed to 156 credit institutions, investment companies and financial institutions registered with the Malta

Financial Services Authority. A total of 141 companies participated in the survey (response rate was 90.4%), and statistical analysis was performed on the answers to answer four research questions. Malta's financial companies have good risk management practices that are clearly related to value-added and initial performance. Although these companies do not have a competitive advantage, the correct risk management mechanism can form a strong risk culture and the specific goals of risk management, accountability, and continuous improvement. Corporate social responsibility (CSR) is part of a company's risk management strategy and is valued in the cultural context of these companies, but financial/economic factors are considered a key element of progress in risk management principles.

Rasid at el. (2014) study titled: "Management Accounting Systems, Enterprise Risk Management and Organizational Performance in Financial Institutions". The purpose of this study is to examine the relationship between management accounting systems (MAS), business risk management (ERM) and organizational performance by examining the characteristics of implementation-related MAS information. The comprehensive impact of MAS and ERM on organizational performance. In this survey, the survey was administered by 106 financial institutions in Malaysia. Respondents were employees in senior positions in finance or corporate finance management. Important results in the link between ERM and MAS indicate that the implementation of ERM requires the use of complex MAS information. ERM and MAS are complementary because they are an integral part of organizational decision-making, planning, and management. This conclusion also illustrates the important role of ERM in improving non-financial performance.

Yahaya et al. (2015) study titled: "The Correlation Between Risk Management and Organizational Performance: An Empirical Investigation Using Panel Data". Risk management and organizational performance of banks in Nigeria. Two indicators are used to focus on the performance of the organization. The first is the return on assets and the second is the return on capital. The relationship between risk management and organizational performance is determined using airborne data regression models. Explanatory variables such as standard deviation of return on assets, the standard deviation of return on income, liquidity index, fast index, total asset equity, ratio equity are used for loans, capital liabilities, and total assets and liabilities. Five hypotheses have been tested. Generally, the performance of an organization is positively affected by the bank's risk management mechanisms and liquidity policies. But the relationship between leverage, bank size, age, and financial performance is negative. The study concluded that risk and liquidity management policies are essential for high financial performance. However, banks must implement strong risk management mechanisms and policies to guide their operations. In addition, banks must adhere to good liquidity management practices to avoid liquidity shortages, rather than seeking external financing, they should use their own income. Finally, banks must downgrade non-current assets and invest more in existing assets to make more profits from their businesses.

Valmohammadi and Ahmadi (2015) study titled: "The Impact of Knowledge Management Practices on Organizational Performance: A Balanced Scorecard Approach". The purpose of this article is to provide a comprehensive approach to assessing knowledge management practices (KM) of organizational performance. A system to motivate and reward organizational performance from four perspectives: the impact of seven key success factors (CSFs): leadership role, organizational culture, activities, and strategies, operations management activities, training and education, technical information and balance. The balanced scored card (BSC) method has been clarified. Research hypotheses have been developed based on four perspectives of this approach: growth and learning, internal processes, customers, and finance. The literature review identified the elements of CSFs of KM and organizational performance and BSC Outlook. Based on these facilities and their components, tools were designed and distributed to managers and employees of the Iranian Petrochemical Company (INPC) branch. Chronbach calculated the tool's reliability in two parts of the tool: knowledge management practices and organizational performance. In addition, factor analysis was used to validate the questionnaire. Finally, they study the impact of knowledge management practices on organizational performance based on research assumptions and structural equations. The results show that the practice of knowledge management in a positive and important (but insufficient) manner affects the overall performance of the organization. This effect is only meaningful when compared to the dimensions of growth and learning, and meaningless in other dimensions. In addition, they consider these two banks to be a stakeholder structure because customers and financial structures are billed based on a single factor based on index entities. In addition, of the seven CSFs listed above, the incentive and reward system ranks lowest among research institutions.

Suárez (2016) study titled: "Best Management Practices: SMEs' Organizational Performance Management Based on Internal Controls in Mexico". The study's purpose was to analyze the management techniques most likely to enable Mexican SMEs to achieve the required organizational performance. To this end, three key management methods and three management practices are discussed separately as a network to understand the meaning of the link and its potential impact on the performance of SME organizations. In addition, the argument that internal control is at the center of good and effective management practices has also caused widespread debate. This article selects the analysis content and reviews the literature. This document provides a conceptual framework to enable SMEs to achieve organizational performance. Laying the foundation for developing and implementing best management practices that can provide small businesses with a wealth of opportunities to improve productivity and performance. These companies must choose to focus on management, explore the links between management practices and develop the ability to conduct strategies and effective assessments that affect competitiveness.

Owolabi et al. (2017) study titled: "The Impact of Risk Management on The Profitability of Insurance Companies in Nigeria". Sought to assess the impact of risk management on the profitability of insurance companies. The specific goal of the survey is to investigate how insurance companies adopt risk management practices, "to investigate the impact of risk management on the profitability of insurance companies." In this study, a descriptive research plan was adopted. A total of 60 respondents selected using simple random sampling techniques participated in the survey. The null hypothesis was tested in a statistical analysis system (SAS 9.2) using simple linear regression and Pearson compact coefficients. The results show that financial risk management practices can affect the profitability of insurance companies. The study shows that operational risk management practices have a positive impact on the profitability of insurance companies. The study also found an important link between strategic risk management practices and the profitability of insurance companies. The study recommended that insurance managers easily identify risks and develop smart procedures to mitigate risks and ensure that financial performance is not adversely affected.

Thabet and Alaeddin (2017) study titled: "Management Accounting Systems, Credit Risk Management Practices and Organizational Performance at Commercial Banking Sector in Palestine". Aimed to report the results of a study on the linkages between credit risk management practices and management accounting system (MAS) towards organizational performance through testing the match and joint effects of MAS and CRM on organizational performance. The research method involved administering a questionnaire to 11 commercial banks listed on the Palestinian Monetary Authority website and the respondents were those in the risk management department on banks such as chief executive officers (CEOs), chief risk officers (CROs), chief financial controllers, general managers, risk managers, and bank employees at departments related to risk management in Palestinian commercial banks. Based on IFAC's (1998) framework and the Bank of International Settlement report (2013), it was found that most of the Palestinian commercial banks have a complete implementation for the ERM framework. In light, if the relationship between CRM practices and MAS some management accounting practices works to assist in managing credit risks in two main dimensions costing system and budgeting. The finding also confirms the important role of interaction between CRM and the use of costing system MAS towards organizational performance. The purpose is to inform enterprises of the findings of the connection between credit risk management practices and management accounting systems (MAS) and organizational performance through the combined effects of compliance testing and MAS. The impact of CRM on organizational performance. The method includes managing surveys of 11 commercial banks on the Financial Services Agency website, as well as participants in the bank's risk management functions, including senior managers (chief executives), senior Risk Manager (CRO), Chief Financial Officer, General Manager, Risk Manager, and bankers at departments related to the risk management of Palestinian commercial banks. According to the IFAC framework (1998) and the BIS report (2013), it was found that most Palestinian commercial banks have fully implemented the enterprise risk management framework. Based on the relationship between CRM and MAS practices, several management accounting practices are used to manage credit risk in two fundamental areas: system costs and budgets. The results also highlight the key role of the interaction of using CRM and MAS systems to assess organizational performance.

Altanashat, Al Dubai and Alhety (2019) study titled: "The impact of enterprise risk management on institutional performance in Jordanian public shareholding companies", conducted a study on the impact of enterprise risk management on institutional performance in Jordanian public shareholding companies. Based on the ERM COSO (Committee of Sponsoring Organizations) Integration Practices (2004), this study examines the impact of corporate risk management on the organizational performance of listed companies in Jordan. In this study, 313 questionnaires were collected using a questionnaire as the survey method. The resulting data is analyzed by a structural equation modeling tool (Smart-PLS), and based on the analysis, the company's risk management implementation has a significant impact on organizational performance. Analysis of the results showed that the company's risk management practices are important to improve the performance of the Jordan mining company. The analysis also highlights the continued implementation of global risk management practices to improve the performance of Jordanian mining companies. Furthermore, in addition to goal preparation, all independent variables (internal environment, event identification, risk assessment, risk response, control activities, information and communication, monitoring) are important predictions. These variables predict the performance of Jordan mining companies in a statistically significant way. The results of this survey are going to help organizations better understand the implementation of global risk management and identify areas for improvement within the process of each component of overall management.

2.6 What Differentiate this Study From Previous Studies?

This study can be considered as one of the few studies on the impact of risk management practices on organizational performance in Jordanian insurance companies.

1. Purpose: Most previous studies were conducted to measure

The organizational performance of insurance companies separately, while this study can It is one of the first studies to study the impact of risk management On organizational performance.

2. Environment: Most of the previous studies were carried out in various Countries outside Jordan. The current study implemented in Jordan.

3. Sector: All previous studies have been done outside Jordan and not on Jordanian insurance companies.

4. Population: Most of the previous studies looked at a sampling of the population, but this study surveyed all the population of the study, which is 24 insurance companies in Jordan, targeting all these companies, there is no need for sampling.

5. The ultimate goal of risk management is to create an environment that facilitates teamwork within the organization, implements all employees in the decision-making process, and establishes an effective communication system to address risk. Learning from the risk-taking organization's past and showing senior management leadership helps the organization to avoid automatic guilt. According to the literature, it was discovered that there are different approaches to risk management. All of these practices ensure that the risk management process needs to identify, analyze, assess, and evaluate the risks that the organization faces. The importance of corporate risk management, especially since the 2008 financial crisis, has been increasingly emphasized, indicating whether financial institutions cannot manage risk effectively. Thus, questioning their existence and result in significant investment losses and loss of new investment opportunities and generating more profits.

Chapter Three: Research Methodology

3.1 Introduction

This chapter explains how this research will continue to achieve its objectives and to find appropriate risk management practices to be implemented in the Jordanian insurance sector.

In this study, a quantitative method was used. The research was conducted in terms of data collection, analysis and results presentation. In this study, researchers collected data and information from two sources: primary and secondary sources related to the research topic. Primary data specifically for literature review were extracted from books and research articles via the Internet and annual reports. Secondary data is obtained through questionnaires created by researchers.

3.2 Study Design

In this section, researchers describe all methods and procedures used at various stages of the study. The study design is not associated with a specific technology or any type of data collection method. The main purpose of the study design is to reduce the possibility of false causality between study variables. In addition, the study design allows researchers to answer questions as clearly as possible. Research begins with the definition of research purpose, and researchers use literature reviews to better understand research topics. The third step is to complete a questionnaire for the Jordanian insurance market, start collecting data by analyzing the data, and then understand the status of risk management. Finally, based on the results of the analysis, risk management practices for the Jordanian insurance sector was established.

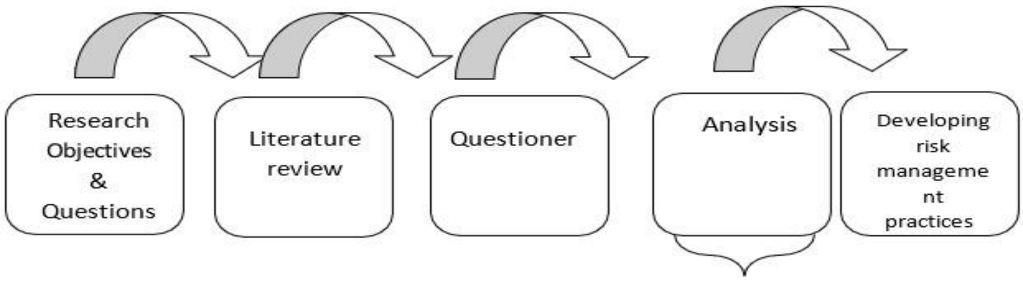


Figure 2: Research Design.
Current R.M. practices Participants perception analysis Data analysis

After identifying the research questions and goals, the researchers used several methods in the research process. First, researchers used a literature review to understand the concept of risk management and to assist in the process of obtaining questions for the questionnaire. The final step is to use SPSS to analyze the data and extract the results.

3.3 Study Population and Sample and Unit of Analysis

The study population consists of 24 insurance companies in Amman. The study aims to include all insurance companies, which negate the need for sampling. The unit of analysis for this study is the manager who works at Jordanian insurance companies and is 120 managers.

3.4 Study Approach

Usually, quantitative research includes numerical data, which is usually represented and presented in a statistical manner. Quantitative research has many goals, for example, after measuring and analyzing data in a survey sample or measuring the frequency of different opinions and opinions on a particular survey sample, generalize and apply it to the entire population and develop facts and discover learning patterns. The nature of quantitative research based on mathematical calculations reduces researcher bias. Focusing on data and mathematics, researchers are less likely to influence results due to personal bias. The main difference between quantitative and qualitative research is the data collection and analysis tools used in both methods (Wisker, 2007). For example, quantitative research involves the analysis of numerical data, while qualitative research involves the analysis of interviews and more abstract details that cannot be expressed numerically.

3.5 Data Sources

To fulfill the purpose of this study the data are collected from two sources as follows:

- The secondary source of data and information based on this research. The advantages of reviewing the literature are the previous findings of insurance risk management research and an understanding of the current risk management practices used by insurance companies worldwide overall. Secondary data were collected from previous literature such as books, articles, research papers, thesis, dissertations and companies' profiles.

- The primary questionnaire was developed on the necessary data and information that could be considered as the raw material for this study. We use surveys to collect data from selected samples of selected populations. These data include respondents' opinions on the research topics. The study population was managers of all Jordanian insurance companies.

3.6 Study Instrument

The questionnaire survey included two parts; first, the study sought some demographic information from the insurance companies in scope. Secondly, the study sought information regarding the various risk management practices that had been adopted by insurance companies in Jordan. The answer to each question was by Likert scale representing strongly disagree, disagree, neutral, agree, and strongly agree. Several studies were scanned to develop the questionnaire of the study such as (McNamara & Rejda, 2014; Berg, 2010; Stulz, 1996; Dionne, 2013; Markowitz 1952; Jaloudi, 2018; Mazouni, 2008; Scor, 2012)

The final questionnaire consisted of (40) paragraph, where the researcher used Likert scale to include fivesome in order to gauge the views of the study sample members, was given strongly agree (5), Agree (4), Neutral(3), Disagree(2), Strongly Disagree (1), and by setting signal (√) in front of the answer, which reflect the degree of consent.

3.7 Data Collection

This study covers all population, which consists of 24 insurance companies in Amman, which negates the need for sampling. The data is collected from all managers working in these 24 companies and count 120 managers by questionnaire, which developed purposely for this study. The collected questionnaires were checked and coded against SPSS. Then the following tests were carried out to ensure normality, validity, and reliability.

3.8 Questionnaire Validity

The validity of the questionnaire was checked by two methods content validity and face validity. Content validity was proved through previous literature such as books, articles, research papers, thesis, dissertations and companies' profiles. Face validity was confirmed through referee committee as shown in the appendix (3)

3.9 Reliability Analysis

Cronbach's Alpha was used to confirm the reliability of data, according to Sekaran 2003, if Cronbach's Alpha is more than 0.60 then reliability is confirmed. Table (1) shows that Cronbach's Alpha for independent variables ranging from value reached 0.743 and 0.950, and for dependent variable is 0.738, which indicate that reliability is accepted.

Table 1: The Result of Reliability (Cronbach Alpha)

No	Domain	Alpha	Item No
1	Risk Identification	0.952	6
2	Risk Assessment	0.743	6
3	Risk Mitigation	0.950	6
4	Risk Management Implementation	0.857	6
5	Risk Management Monitoring	0.915	5
6	Organizational Performance	0.738	10

Characteristics of the Insurance Companies

The study sample consisted of (120) participants of insurance companies, Table (2) shows the characteristics of the insurance companies.

Table 2: Characteristics of the Insurance Companies

Variable	Categories	Frequency	Percent
Operation/ years	10 years	84	70.0
	11-20	24	20.0
	21-30	12	10.0
	Total	120	100.0

Table (2) shows that the operation (In Years) variable, the highest percentage reached (70.0%) for (10 years), but the lowest percentage reached (10.0%) for (11-20).

It is clear that many companies have been operating for a long time, yet, they do not have many branches. It is worth notable that most insurance companies in Jordan are based in Amman, so this could be the reason for the limited branches. Moreover, many insurance companies are using technology these days, so they don't need to open new branches. The answers for this part are somehow not very accurate, since many participants where from the same company, so this could also be a reason for these results. The demographic characteristics of the study sample were not reported due to less significant for the study objectives.

Chapter Four: Results and Hypotheses Testing

4.1 Introduction

This chapter presents the findings of the study which aims to find the impact of risk management practices in the performance of insurance companies in Jordan. Also, this chapter includes descriptive statistics for participants' answers on questionnaire items and the test of the study hypotheses.

-Descriptive Statistics:

The descriptive analysis is used to answer the first and second questions. the descriptive analysis includes the meaning, standard deviation rank, and implementation. Implementation level was based on the following criteria:

- Less than 2.33 is Low.
- From 2.34 to 3.66 is Medium.
- More than 3.67 is High.

Risk Management Practices:

Table (4.3) shows that the means of risk management practices sub-variables range from 4.02 to 4.35, and standard deviation ranges from 0.20 to 0.58. This indicates that respondents agree on the high implementation of risk management practices. Moreover, the mean for the total is 4.29 with a standard deviation of 0.33, which assures the high implementation.

Table 3: Means and Standard Deviation for all Variables

No	Domain	Mean	S.D.	Rank	Agree.
1	Risk Identification	4.24	0.58	5	High
2	Risk Assessment	4.02	0.29	6	High
3	Risk Mitigation	4.35	0.48	2	High
4	Risk Management Implementation	4.28	0.40	4	High
5	Risk Management Monitoring	4.47	0.46	1	High
6	Risk Management and Performance	4.35	0.20	2	High
Total Means		4.29	0.33	-	High

4.2 Risk Identification

Table (3) shows that the means for risk identification items ranges between 4.26 and 4.40 with standard deviation ranges from 0.49, this indicates that the respondent agrees on the high implementation of risk identification items. The average mean of risk identification items is 4.35 with a standard deviation of 0.068, which assures the high implementation.

Table 4: Means and standard deviation for "Risk Identification" items.

No	Items	Mean	S.D.	Rank	Agree
1	The company checks the environment for risk	4.41	0.49	1	High
2	The company sets roles and responsibilities for risk identification	4.34	0.65	4	High
3	The company uses financial statement for risk identification analysis	4.26	0.60	6	High
4	The company sets clear standards to improve risk identification	4.34	0.48	4	High
5	The company uses risk rating to classify the risks	4.38	0.49	2	High
6	The company develops a risk management framework.	4.38	0.49	2	High
Total Means		4.35	0.09	-	High

4.3 Risk Assessment

Table (4) shows that the means for risk assessment items ranges between 4.35 and 3.09 with standard deviation ranges from 0.12, this indicates that the respondent agrees on the high implementation of risk assessment items. The average mean of risk assessment items is 4.01 with a standard deviation of 0.19, which assures the high implementation.

Table 5: Means and standard deviation for "Risk Assessment" items

No	Items	Mean	S.D.	Rank	Agree
1	The company assesses uncertainty of loss	4.02	0.13	5	High
2	The company uses quantitative and qualitative methods to assess risks	3.09	0.34	6	Medium
3	The company uses risk assessment for potential loss	4.08	0.28	4	High
4	The company reduces risks occurrence	4.35	0.67	1	High
5	The company assess every risk differently.	4.27	0.60	3	High
6	The company categorizes risks into levels for further analysis.	4.30	0.60	2	High
Total Means		4.01	0.19	-	High

4.4 Risk Mitigation

5 Table (5) shows that the means for risk mitigation items ranges between 4.40 and 4.25 with standard deviation ranges from 0.47, this indicates that the respondent agrees on the high implementation of risk mitigation items. The average mean of risk mitigation items is 4.35 with a standard deviation of 0.0686, which assures the high implementation.

Table 6: Means and standard deviation for "Risk Mitigation" items

No	Items	Mean	S.D.	Rank	Agree
1	The company ensures different types of risks	4.38	0.48	2	High
2	The company eliminates catastrophic risks.	4.38	0.48	2	High
3	The company estimates potential losses.	4.41	0.49	1	High
4	The company trains its employees on risk mitigation	4.34	0.65	4	High
5	The company reinsures its risks	4.26	0.60	6	High
6	The company develops technical regulations to cover claims.	4.34	0.48	4	High
Total Means		4.35	0.07	-	High

4.5 Risk Management Implementation

Table (6) shows that the means for risk implementation items ranges between 4.38 and 4.15 with standard deviation ranges from 0.41, this indicates that the respondent agrees on the high implementation of risk implementation items. The average mean of risk implementation items is 4.27 with a standard deviation of 0.097, which assures the high implementation.

Table 7: Means and standard deviation for "Risk Management Implementation" items

No	Items	Mean	S.D.	Rank	Agree
1	The company documents risk management cases	4.30	0.68	3	High
2	The company supports risk management efforts	4.38	0.49	1	High
3	The company provides appropriate training in risk management policies.	4.38	0.49	1	High
4	The company defines employees' roles and responsibilities in risk management.	4.14	0.61	6	High
5	The company controls the risk management program.	4.22	0.42	4	High
6	The company categorizes risks into levels.	4.22	0.42	4	High
Total Means		4.27	0.097	-	High

4.6 Risk Management Monitoring

Table (7) shows that the means for risk monitoring items ranges between 4.94 and 4.30 with standard deviation ranges from 0.23, this indicates that the respondent agrees on the high implementation of risk monitoring items. The average mean of risk monitoring items is 4.47 with a standard deviation of 0.15, which assures the high implementation.

Table 8: Means and standard deviation for "Risk Management Monitoring" items

No	Items	Mean	S.D.	Rank	Agree
1	The company ensures different types of risks	4.94	0.23	1	High
2	The company eliminates catastrophic risks.	4.38	0.49	3	High
3	The company estimates potential losses.	4.30	0.68	5	High
4	The company trains its employees on risk mitigation	4.40	0.49	2	High
5	The company reinsures its risks	4.33	0.65	4	High
Total Means		4.47	0.15	-	High

4.7 Organizational Performance

Table (8) shows that the means for organizational performance items ranges between 4.91 and 3.40 with standard deviation ranges from 0.00, this indicates that the respondent agrees on the high implementation of organizational performance items. The average mean of organizational performance items is 4.35 with a standard deviation of 0.19, which assures the medium implementation.

Table 9: Means and standard deviation for "Organizational Performance" items

No	Items	Mean	S.D.	Rank	Agree
1	The company decreases risk to minimum levels	4.25	0.59	6	High
2	The company covers risk claims as required.	4.28	0.55	5	High
3	The company responds to market changes	4.87	0.34	3	High
4	The company practices improve the local rating	4.92	0.28	2	High
5	The company practices improve the profitability	4.94	.23	1	High
6	The company practices satisfy its customers.	4.86	0.61	4	High
7	The company gains customer loyalty.	3.40	0.49	10	medium
8	The company moves to identify and hedge new risks	3.95	0.21	9	High
9	The company improves its operational performance.	4.00	0.00	8	High
10	The company practices improve sales	4.05	0.21	7	High
Total Means		4.35	0.19	-	High

4.8 **Relationships between Independent and Dependent Variables**

Pearson Bivariate Correlation test has been used to test the relationships between variables and sub-variables. Table (9) shows that the relationships among are strong, where r rated from 0.480 to 0.943. Moreover, it shows that the relationships between independent sub-variables and the dependent variable are strong, where r ranging between 0.330 and 0.498. Finally, the relationship between the independent variable and the dependent variable is strong, where r equals 0.476.

Table 10: Pearson Bivariate Correlation between Variables

Variables		RI	RA	Rmi	RIm	Rmo	Ind	OP
RI	Correlation							
	Sig.							
RA	Correlation	.825**						
	Sig.	.000						
Rmi	Correlation	.943**	.886**					
	Sig.	.000	.000					
RIm	Correlation	.858**	.703**	.864**				
	Sig.	.000	.000	.000				
Rmo	Correlation	.810**	.480**	.762**	.768**			
	Sig.	.000	.000	.000	.000			
Ind	Correlation	.974**	.832**	.973**	.921**	.857**		
	Sig.	.000	.000	.000	.000	.000		
OP	Correlation	.498**	.456**	.503**	.330**	.386**	.476**	
	Sig.	.000	.000	.000	.000	.000	.000	

****. Correlation is significant at the 0.01 level (2-tailed).**

4.9 Hypothesis Testing

H_{01}: Risk management practices do not impact the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

To test the hypothesis the simple regression was used.

Table 11: Simple Regression of Risk Management Practices on Organizational performance

Model	r	R^2	Adjusted R^2	f	Sig.
1	0.476^a	0.226	0.220	34.498	0.000b

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.325	0.175		18.954	0.000
	Risk Management Practices	0.239	0.041	0.476	5.874	0.000

a. Dependent Variable: OP, T-Tabulated = 1.960

Table (11) shows that the relationship between risk management practices and organizational performance is strong, where r equals 0.476, and the variation in risk management practices affect the variation of organizational performance, where R^2=0.226, f=34.498, sig.=0.000. Therefore, the null hypothesis is rejected and the alternative is accepted, which states that risk management practices impact the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

H02: Risk identification has a significant impact on the organizational performance in Jordanian insurance companies, at α≤0.05.

To test the hypothesis the simple regression was used. Table (5.10) shows that the relationship between risk management practices and organizational performance is strong, where r equals 0.498, and the variation in risk management practices affect the variation of organizational performance, where R^2=0.248, f=38.967, sig.=0.000. Therefore, the null hypothesis is rejected and the alternative is accepted, which states that risk management practices impact the organizational performance in Jordanian insurance companies, at α≤0.05.

Table 12: Simple Regression of Risk Identification on Organizational performance

Model	r	R^2	Adjusted R^2	f	Sig.	
1	0.498a	0.248	0.242	38.967	0.000a	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.475	0.141		24.597	0.000
	Risk Identification	0.201	0.032	0.498	6.242	0.000

a. Dependent Variable: OP, T-Tabulated = 1.960

H03: Risk Assessment has a significant impact on the organizational performance in Jordanian insurance companies, at α≤0.05.

To test the hypothesis the simple regression was used. Table (12) shows that the relationship between risk assessment and organizational performance is strong, where r equals 0.456, and the variation in risk assessment affect the variation of organizational performance, where R^2=0.208, f=31.023, Sig.=0.000. Therefore, the null hypothesis is rejected and the alternative is accepted, which states that risk assessment impacts the organizational performance in Jordanian insurance companies, at α≤0.05.

Table 13: Simple Regression of Risk Assessment on Organizational performance

Model	r	R^2	Adjusted R^2	f	Sig.	
1	0.456a	0.208	201	31.023	0.000a	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.102	0.225		13.787	0.000
	Risk Assessment	0.311	0.056	0.456	5.570	0.000

a. Dependent Variable: OP, T-Tabulated = 1.960

H_{04}: Risk Mitigation has a significant impact on the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

To test the hypothesis the simple regression was used.

Table (13) shows that the relationship between risk mitigation and organizational performance is strong, where r equals 0.503, and the variation in risk mitigation affects the variation of organizational performance, where R^2=0.253, f=40.017, sig.=0.000. Therefore, the null hypothesis is rejected and the alternative is accepted, which states that risk mitigation impacts the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

Table 14: Simple Regression of Risk Mitigation on Organizational performance

Model	r	R^2	Adjusted R^2	f	Sig.	
1	0.503a	0.253	0.247	40.017	0.000a	
		Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	3.463	0.141		24.494	0.000
	Risk Mitigation	0.204	0.032	0.503	6.326	0.000

a. Dependent Variable: OP, T-Tabulated = 1.960

H_{05}: Risk Management Implementation has a significant impact on the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

To test the hypothesis the simple regression was used.

Table (14) shows that the relationship between risk management implementation and organizational performance is strong, where r equals 0.330, and the variation in risk management implementation affects the variation of organizational performance, where R^2=0.109, f=14.390, sig.=0.000. Therefore, the null hypothesis is rejected and the alternative is accepted, which states that risk management implementation impacts the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

Table 15: Simple Regression of Total Risk Management Implementation on Organizational performance

Model	r	R^2	Adjusted R^2	f	Sig.	
1	.330a	.109	.101	14.390	0.000a	
		Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	**(Constant)**	3.668	.181		20.263	.000
	Risk Implementation	.160	.042	.330	3.793	.000

a. Dependent Variable: OP, T-Tabulated = 1.960

H_{05}: Risk Management Monitoring has a significant impact on the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

To test the hypothesis the simple regression was used. Table (15) shows that the relationship between risk management monitoring and organizational performance is strong, where r equals 0.386, and the variation in risk management monitoring affects the variation of organizational performance, where $R^2=0.149$, f=20.605, sig.=0.000. Therefore, the null hypothesis is rejected and the alternative is accepted, which states that risk management monitoring impacts the organizational performance in Jordanian insurance companies, at $\alpha \leq 0.05$.

Table 16: Simple Regression of Total Risk Management Monitoring on Organizational performance

Model	**r**	**R^2**	**Adjusted R^2**	**f**	**Sig.**	
1	.386a	.149	.141	20.605	0.000a	
		Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	**(Constant)**	3.622	.162		22.413	0.000
	Risk Monitoring	.163	.036	.386	4.539	0.000

a. Dependent Variable: OP, T-Tabulated = 1.960

Chapter Five: Findings Discussion & Conclusions & Recommendations

5.1 Discussion of the Findings

Based on this survey, it was determined that most insurance companies in Jordan have been operating for a long time (more than 10 years) and most of these companies have one or more branches nationwide. This means they are big companies; therefore, they are at great risk due to the size. Studies show that most insurers employ a variety of risk management practices in their risk management operations. As a large company with a high level of risk, having comprehensive risk management procedures has economic implications for them. This can explain why most companies continue to have a longer financial position. However, the researcher noted that these results can't be generalized; since most of the participants were from the same company.

Regarding the various risk management practices employed by insurers, the study shows that risk mitigation contributes significantly to the organizational performance of Jordanian insurance companies followed by risk identification, risk assessment, risk monitoring, and risk implementation in that order. This conclusion is consistent with the practice that all risk management efforts reduce the risks facing the business and begin to identify them. The fact that risk implementation and management is ranked last in terms of its impact on organizational performance can be interpreted as meaning that organizations cannot implement and manage risk, but always have ways to mitigate risk. If these measures are properly evaluated, businesses can benefit from improving organizational performance. However, this result is not consistent with other studies, since the majority is showing that risk identification should ideally be the first effort of management to start the risk management practices since they should know what they are facing before finding ways to manage the risks. This inconsistent could be a result of some dimensions, such as the small sample size and the fact that most managers were from the same company.

Risk mitigation measures to reduce or eliminate the impact of risks. Risk mitigation ranked the highest for the overall study, where Beta was the highest at (0.503), this indicates that for each t-value (6.326), the organizational performance will increase by (0.503). This means that mitigation risks are taken very high in the insurance companies, they have a mechanism for estimating & calculating potential losses when signing insurance contracts very high at (4.41) level. This is very important because they have the right measures to mitigate risks when estimating them. Mitigation strategies define measures that can mitigate or eliminate risks before they occur. Risk includes mitigation activities that attempt to balance the probability and severity of the risk with the profitability of the mitigation strategy. It is necessary to identify risk factors that indicate that mitigation strategies are no longer effective, and contingency plans must be implemented. This is in line with Tuncel and Alpan (2010) and Avdalović and Obadović (2015).

Answers for risk identification were relatively high, except for the last item. Mostly, managers agreed on identifying the risks by the company where it ranked 1 for the highest mean at (4.41), then it was followed by set standards and risk rating to improve the identification practice. The only medium agreement was for linking the risk management framework to the organization allover framework, where it ranked 7 with the lowest mean at (3.85). Risk identification is an iterative process that runs through the entire risk management cycle. Managers should be encouraged to continuously identify potential risks. Known risks are those that can be analyzed; by identifying who controls these risks and identifying risk performance, triggers and contingency plans to mitigate or mitigate impacts, certain risks can be positively identified and must be managed. If the risk-reward is balanced with the possible consequences, managers can simply accept the risk. Unknown risks are risks that have not yet been identified; because unknown risks cannot be actively managed, they can often be addressed by assigning a general level of emergency response in general and managing a reasonable level of unknown risks. This can be another reason for mitigating risks precedes the risk identification process. This comes in line with Avdalović and Obadović (2015), Hameeda and Al Ajmi (2012) and Tuncel and Alpan (2010).

The risk assessment process begins with the identification, analysis, and assessment of risks, recording the results of the assessment and creating a risk record to record all control and mitigation measures. This was clear as each increasing unit increased by (0.456) for assessment. The managers mostly agreed highly on the risk of a potentially significant loss and the likelihood of its occurrence is small, and then risks are categorized into levels for further analysis as for (4.35) and (4.30) respectively. Top risk management reviews the registry to assess the costs and resources required to implement the proposed control and mitigation measures. Because risk management is an ongoing process, implementation of the risk management process begins with senior management approval. It is important to document and document each step of the process, send notes to the board through senior management, and make the necessary adjustments to improve and improve the risk management process. This comes in line with all the previous studies that have been reviewed such as Kinyua (2010) and Azari et al. (2011).

Monitoring Risks control the progress of potential risks and, when necessary, determine when the risk symptoms are exacerbated to the point where an emergency plan is needed. A unit increase in risk monitoring led to an increase of (0.386) in organizational performance. The agreement degree was high at a mean of (4.94) to respond to that the credit limits for individual counterparty are strongly monitored by doing a background check, then (4.40) for regularly reviews country ratings if their financing or investments are international. By monitoring risk, managers can make changes to their plan to address project changes that may change the level of risk. If the risk/impact and/or risk does decrease, the risk may be a candidate for retirement or closure. In the event of a risk, certain contingency plans reduce the impact of risk on organizational performance. This is consents with most of the literature reviews such as Hameeda and Al Ajmi (2012) and Tuncel and Alpan (2010).

In most cases, the implementation of risk management involves determining risk thresholds, identifying risk factors, planning mitigation strategies and developing contingency plans. The risk implementation increased for each unit of organizational performance at (0.330) which relatively low compared to the other practices. Most managers agreed that risk management efforts are supported by senior management and employees have received appropriate training on the company's risk management policies with a mean of (4.38). However, they also agreed that every employee's role and responsibilities in the company's risk management work are well communicated at a low mean with (4.14). This is beneficial for companies because not all companies have the technical capabilities to implement and manage the risks they face. This came in line with some previous studies such as Altanashat, Al Dubai and Alhety (2019) and Tuncel and Alpan (2010).

After analyzing multiple regression, it was found that there is a positive impact on risk management practices on organizational performance. Studies showed that organizations that implement risk management practices will succeed, but organizations that do not perform this activity will not, Ahmadyan (2018), OWOLABI et al. (2017) and Aslam and Sarwar (2010). Other studies have shown that effective transplantation of ERM adoption or risk management practices can affect organizational performance, such as Altanashat, Al Dubai and Alhety (2019), and Pagach and Warr (2010). Risk management practices can help managers achieve their goals and improve organizational performance. Thus, for Jordanian insurers, risk management practices have a positive impact on organizational performance.

Companies can predict potential losses and manage risk well. However, if the company can implement and manage the potential losses, the mitigations used will be more appropriate and the company will benefit more from risk management efforts. Basically, this means that organizations need to adopt a comprehensive risk management framework and get more out of risk management. The study also showed that adopting risk management practices has a significant impact on the organizational performance of Jordanian insurers. This means that companies with more complete risk management programs are likely to remain financially stable in the long run, and also those that have been operating for a long time may. These results are consistent with previous studies that showed a positive impact on the risk management practices on the companies' organizational performance.

5.2 Conclusion

The purpose of this study is to determine the impact of risk management practices of Jordanian insurers on their organizational performance. The study shows that most insurance companies in Jordan have been operating for a long time, of which 70% have been operating for 10 years.

In this study, several companies adopted five risk management practices. The researcher has found that risk mitigation is the most significant impact on higher performance with a unit increase (Beta) in risk identification leading to a 0.503 increase in performance. This was followed closely by risk identification whose unit increase led to an increase of 0.461 in performance. A unit increase in risk assessment led to an increase of 0.456 in performance, then risk monitoring which led to 0.386 increase and with risk management implementation having the least influence on the companies' performance, at 0.330 increases in performance. Overall, the results of this study show that the use of risk management practices has a significant positive impact on the organizational performance of Jordanian insurance companies. This means that better business risk management can improve performance.

The study also concluded that identifying and mitigating risk plays the most important role in influencing insurers' performance. Therefore, risk identification is a major starting point in the risk management process where companies cannot manage unknown risks. On the other hand, once the risks are identified, they need to be mitigated based on previous and ongoing research to reduce the impact on the enterprise. However, survey results also show that these five risk management practices are very important to impact organizational performance. Therefore, the study concludes that insurers need to adopt a multi-faceted approach to address the impact. Risk management efforts include all the practices that this research focuses on to make the most of the risk management practices impact the organizational performance positively.

5.3 Recommendations

Jordan's insurance industry is a very promising industry with great growth and development potential. There are several suggestions for improving the current state of risk management:

The study found that identifying and mitigating the impact of risk has a significant impact on an insurer's performance. Therefore, research shows that insurer management needs to take cost-effective measures to identify risks in a timely manner, effectively mitigate the risks, and not adversely affect their performance.

Insurers need to educate their employees about the importance of risk management. To ensure efficient and effective risk management, since the risk management process is performed by employees. Highly qualified personnel serve as the first line of defense to protect the organization and reduce risk. No matter how many processes and procedures in the organization have been developed and enhanced, they will not protect the organization unless performed by qualified personnel.

The study also recommends that insurer management continually assess risk management practices to ensure that they are still viable in a changing business environment.

Insurers need to adjust their risk management models such as ERM. Institutionalize the risk management process and integrate it into their organization's daily life. This will ensure that Jordanian insurers meet international standards and are globally competitive.

Administrators need to use information technology for risk management by performing more accurate risk assessments and measurements and installing information systems that can monitor and ensure the effectiveness of risk management procedures. This is recommended when training employees on business risk management policies and clearly defining risk management roles and responsibilities.

5.4 Future Research Prospects

To complement and improve the insurance industry in Jordan, many areas and disciplines must be studied. Such:

The study examines the impact of risk management practices on the organizational performance of Jordanian insurance companies. The impact of certain risk management practices and business risk management models adopted by multiple Jordanian insurers, and their impact on organizational performance, needs to be studied in more depth.

Study the role of human resources in the risk management process and conduct further research as needed to improve understanding.

Investigate the role of information technology in the risk management process and undertake more research to better understand it.

Further studies on Jordanian insurance companies and their risk management practices and how they impact the organizational performance of these companies.

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Appendices

Appendix 1: LIST OF ALL REGISTERED INSURANCE COMPANIES IN JORDAN

#	NAME
1	Jordan Insurance
2	Middle East Insurance
3	National Insurance
4	United Insurance
5	Al Manara Insurance
6	Arabia Insurance-Jordan
7	Jerusalem Insurance
8	Al-Nisr Al-Arabi Insurance
9	Jordan French Insurance
10	Arab Union International Ins
11	Delta Insurance
12	Al SAFWA INSURANCE
13	Holy Land Insurance
14	Arab Life & Accidents Ins.
15	Philadelphia Insurance
16	MetLife
17	Jordan International Ins. (Newton)
18	Euro Arab Insurance Group
19	Islamic Insurance
20	Arab Assurers
21	Arab Jordanian Ins. Group
22	Arab Orient Insurance (gig)
23	MEDGULF Insurance
24	SOLIDARITY-First Insurance

Appendix 2: QUESTIONAIRE

Thesis Questionnaire

The purpose of this master thesis is to study "The Impact of Risk Management Practices on Insurance Companies: Jordan Case".

This research contains 40 questions, which may take 15 minutes to answer it; therefore, we will be thankful to you for devoting your valuable time to answer it.

Your answers will be top confidential and will be used for research purposes only.

Again, we appreciate your participation in this research. Please, if you have any questions or comments, please call (XXXXXXXXXX).

Thank you for your fruitful cooperation.

Student: Aladdin Saadi Jaber.

Supervisor: Dr. Mohammad Adayleh

Part 1: Demographic Data

1) How long has the Company been in operation (In Years)?

- 1 – 10
- 11 – 20
- 21 - 30

Part 2: Business information

The following 40 questions tap into your perception about the actual implementation of risk management practices variables and organizational performance.

[**1** = strongly disagree, **2** = disagree, **3** = neutral, **4** = agree, **5** = strongly agree] based on your knowledge and experience about the statement

Section 1: Risk Identification

3) Determine your level of agreement with the following statement about the risk identification techniques used by your company, choose the appropriate rank from (strongly agree to strongly disagree):

Statement	1	2	3	4	5
The company checks the environment for risk					
The company sets roles and responsibilities for risk identification					
The company uses financial statement for risk identification analysis					
The company sets clear standards to improve risk identification					
The company uses risk rating to classify the risks					
The company develops a risk management framework.					

Section II: Risk Assessment

4) Determine your agreement level through the following statements about company risk assessment and measurement.

Statement	1	2	3	4	5
The company assesses uncertainty of loss					
The company uses quantitative and qualitative methods to assess risks					
The company uses risk assessment for potential loss					
The company reduces risks occurrence					
The company assess every risk differently.					
The company categorizes risks into levels for further analysis.					

Section III: Risk Mitigation

5) To what range has your company adopted the following risk mitigation measures?

Statement	1	2	3	4	5
The company ensures different types of risks					
The company eliminates catastrophic risks.					
The company estimates potential losses.					
The company trains its employees on risk mitigation					
The company reinsures its risks					
The company develops technical regulations to cover claims.					

Section IV: Risk Management Implementation

6) How viable are the following aspects of risk management implementation to your company?

Statement	1	2	3	4	5
The company documents risk management cases					
The company supports risk management efforts					
The company provides appropriate training in risk management policies.					
The company defines employees' roles and responsibilities in risk management.					
The company controls the risk management program.					
The company categorizes risks into levels.					

Section V: Risk Management Monitoring

7) How viable are the following aspects of risk management monitoring to your company?

Statement	1	2	3	4	5
The company limits credit according to individual cases.					
The company complies with the maturity ladder Chart.					
The company develops a regular reporting system regarding risk management.					
The company monitors international standards					
The company monitors the customer’s performance					

Section IV: Performance

8) How performance is linked to risk management in your company?

Statement	1	2	3	4	5
The company decreases riks to minimum levels					
The company covers risk claims as required.					
The company responds to market changes					
The company practices improve the local rating					
The company practices improve the profitability					
The company practices satisfy its customers.					
The company gains customer loyalty.					
The company moves to identify and hedge new risks					
The company improves its operational performance.					
The company practices improve sales					

Appendix 3: Referee Committee (لجنة التحكيم)

No.	Name	Specialization	University
1	Prof. Ahmad Ali Saleh	Business Administration	MEU
2	Dr. Amjad Tawiqat	Business Administration	MEU
3	Dr. Khalid Abu Ghanam	Marketing	MEU
4	Dr. Muhammad Othman	Accounting	MEU
5	Dr. Abdullah al daas	Accounting	MEU
6	Dr. Rashid Salameh	Accounting	MEU