



IMPACT OF RISK MANAGEMENT ON INDUSTRIAL PRODUCTIVITY WITH A REFERENCE TO INDIAN TEXTILE INDUSTRY

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Abstract

Risk management is a sustainable approach for any organization as it helps to encourage organizational productivity for assuring more profit. It is necessary for any organization to provide proper risk management aspect to upgrade productivity level under any consequence. Moderation of productivity without risk can also help a company to set viable profit margin and business diversification becomes easy. In this paper, relations between organizational productivity and risk management have been evaluated. Along with this, all the problems related to risk management of an organization has been elaborated to understand their impact on productivity level.

Risk management basically the process is to investigate and assess the controlling the risk factors which have been occurred within the enterprises. These hazards and mishaps would be obtained from a wide variety of resources that contain legal abilities, errors in strategic management, financial uncertainties and some natural hazards as well. Some of the security threats have also been found in the organization which is associated with the threats to data. To avoid such kind of hazards it is necessary to plane a risk management system within the organization to avoid all types of threats from the company.

As we all know that the world of the business is changing continuously. This is impulsive, volatile and as well as fought with these risks. For this purpose, risk management and his assessment give the apparatus to investigate some of the representing opportunities which present the potential dangers. Every company has faced some challenges which are related to the threats in the success of the company. The probability of risk factors is mainly associated with the consequences of an event.



INTRODUCTION

Risk management has been known as the tool or method that provides different resources to manage and avoid these kinds of risk from the industry.

Companies who have been facing such challenges may give a positive or negative impact on the productivity of the company.

The excellent plan of risk management would be helpful for the company for the development of the process to avoid the potential threats as well as to decrease the impact of the which maybe occur to cope up with the findings. The essential of the study is to develop a safe and secure working atmosphere for all the employees and consumers. Furthermore, this will also be helpful for the accomplishment of the insurance requirement of the enterprises for the purpose to save the uneven premiers. Some procedures have also been included within the company to find some plans while taking some steps to meet the risk management process generally.

In Business risk management; these types of risks mainly deal with the prospects which are influencing various events of the company. To avoid these kinds of events we have to use such kind of strategic procedures should be included within the organization.

Some of the textile companies have been categorized by the critical and expensive industrial procedures which have been continued with the creation of innovative technologies. While the invention of the cycling instruments some failure and breakdown effect the quality of the productivity and maintenance effect which is associated with the effect on the active control on the developmental procedure. (Naji, 2019) Some documents have also been given to the consumer in order to give the main and probable threats according to the control of the action plans. This method asks clients about the consumers and for the workers who are employed hardly and operationally. The study also suggested a method of FMECA to utilize this as a tool that enhances the productivity of various areas of the organizations. The study also reveals the possible outcomes of the method along with the energetic atmosphere. This method also brings constant up-gradation by the operational incidents.

Crises that have been occurring within the company are damage to stick, fire, illness and all the other critical situations which can make it difficult for the staff to handle such kind of situations which are diverse from the daily routine. Despite this, we can easily be fought with such kind of situations. But the company has also been come up with this by doing some plans related to crisis management. (Andersen, 2019)It is important to have some backup



plan to cope up with such types of natural hazards. We have to take some steps such as first the organization has to investigate the effects of the crises. Then find out the reason that how one will decrease the threats which are related to the occurrence of the disasters. Then discuss how to handle and cope up and react against the disasters within the business for the continuity of the plan, and in the last one thing that has to be done is testing the regulatory of the plan. This has been explained through an example: if anyone is contingent on the computer information and one should have to give a back-up plan as well as a copy of the data within the system which is related to the failure of the event.

Here we defined some procedures to solve the issues along with the framework of handling the risk in different ways and these some ways are such as avoiding the risk factors within the organization. The below we will discuss how we put this in our business. The initial step we have to take is making a strong management plan which mainly depends on the requirements of the company. Then after the risk has been identified then assessment related to the probability should be done.

As the risk of fire has been mention above then we have to make insurance of fire as it was necessary for the business which acquires the physical space whether it is owned or rented. As well as it is significant for the product accountability insurance which is the obvious example and this is the requirement for the services of the business.

Some of the risks have also been mention as the top priority the hazard of fraud and appropriation where workers knob money or accomplish office duties in financial records owed and receivable. Despite form this protection against the strength of risks which will never be supposed as to be the best scenario for the case. (van Winsen, 2016)This can also be taken for the workers who have been working in the company for many years along with no problem with the service, and this is the error that is against the employment of the. A plant that mainly deals with strong production would obviously need the wider attention of the workers.



REVIEW OF LITERATURE

Risk prevention is another excellent insurance. Prevention from many risks has been obtained from the business and this is highly accomplished by the training of the workers who are working in the company. As well as by checking the safety measures, checking background, maintenance of mechanism and instruments on a daily basis. Furthermore, the responsible member of staff who has authoritative qualities would be appointed which tackles all the responsibilities which are mainly associated with risk management.

Despite form, the above description members must get aware of all the exit points of the business and all the ways of emergency (Picci, 2019). A proposal for the security examination of the corporeal locations and apparatus would be established and instigated habitually counting the training and edification of employees when required. An intermittent, rigorous evaluation of all probable risks would be directed. Any complications would be addressed immediately. Assurance exposure will also be reviewed intermittently and elevated or relegated as needed.

Some risk management has been used to improve productivity such as the assessment of the safety risk. As well as the main aim of the safety risk management is to evaluate and investigate the threats which have been effectively applied along with the proper mitigation. This is the main process is to mention the services of product and levels of the services. Despite form this some factors of risk have been assessed while managing the uncertainty and insusceptibility in any consequences. The validity and severity of the occurrence of the threats are of such an extent, and the destructive budding of the threat poses such a threat to safety, that instant vindication action is compulsory. Safety risks evaluated in the acceptable district are satisfactory providing that suitable mitigation strategies have been executed by the association.

Safety risks evaluated as primarily deteriorating in the suitable county are adequate as they at present stand and necessitate no achievement to bring or retain the possibility and sternness of the significances of dangers under executive control. The preventable risks are the internal risk which has been derived within the association and these risks are controllable and avoidable. To ensure that the company has the space to bear the errors and mistakes which will lead the company toward loss, as well as company and for which accomplishing comprehensive escaping which will be very expensive. (Villa, 2016) Strategy risks are quite different from preventable risks because they are not inherently undesirable. A policy with



high predictable revenues usually entails the firm to take on substantial jeopardies, and handling those dangers is a key motorist in apprehending the probable gains. The company also acknowledged the high risks of penetrating numerous loads under the exterior of the organization.

Despite the form, this organization should have to talk about some of the risks that have been originating from the incidents which have been obtained outside form the company which has been impactful and controlled. Companies would adapt their risk-management developments to these diverse classifications. While a compliance-based tactic is active for dealing with unnecessary risks, it is exclusively insufficient for approach hazards or exterior risks, which necessitate an essentially different tactic founded on uncluttered and obvious risk negotiations.

As it has been discussed above that risk management is crucial to apply this in all kinds of organizations and any type of the business as it is small, medium or huge. Both above mention terms have been used to evaluate the operations which are related to the finance as well as contributing the compliance with the satisfaction. It is important to build the risk development in the factory and we can implement this in our factory by focusing on the significance of the managing threats on daily basis while observing the activities of staff members at all levels of the organization. (Lannelongue, 2017)As well as it is significant for the factory to accomplish the culture of risk management within the association. The factory should have to make some goal how to develop risk management. The purpose of creating a risk management culture is to generate a situation where allies and staff mechanically look for risks and deliberate their influences when manufacture operative effective decisions.

According to Author Coronado, et al (2014) it is conducted that the risk management plan is that documents where the project manager ready to foresee the risk which also estimates the impact as well as explained the different responses to the issues. The risk is the uncertain event which also occurs the negative along with the positive effects of the project objectives. The plan of risk management is also containing the different analyses of the same risk by the low and high impact with the strategies of mitigations which also helps the project to avoid being the derailed common problem that arises.

The risk management plan can also have explained by the one phrase “Plan”. Basically, risk management is the step-by-step instructional documents which are also anticipating,



identifying scenarios that could also put the project risk and determine the methods plus means to solve the risk. There is the different corporate level of risks which is the governances as well as risk management and help to every function. The risk management is the plan which is also responsible for ensuring compliance by the rule. Therefore; the corporate of compliance also creates as well as executes the compliance program of the organizations(Coronado, et al, 2014).

Okubo (2014), has been contended that no doubt there are several benefits of risk management but there are various pitfalls that can harm industrial productivity by reducing the qualities of services. Therefore, even the various new opportunities are offered to the industrial by risk management but it has various challenges as well. Sometimes, the challenges can enhance due to the innovation of information technology and its applications. The market boundaries and its blurring; it also includes the industrial barriers breakings. A potential of a fraud on customer's accounts can enhance as well due to this (Okubo, 2014).

There are several efforts that have been made by the Siam (2006), for exploring the revolution of IT (information technology) and risk management that is known as e-banking on the performance of the banks. For example, Siam (2006) planned for exploring the industrials performance impacts of risk management on industrial productivity by utilizing the questionnaire which was distributed across the numerous industries in the region of the KSA. It has been observed by the findings of the studies related to the impacts of risk management on industrial productivity and it will be the quality of the services that are offered by the numbers of the industries. But if its effects will be measured in the long run it will positive and it can enhance the performance of the industry effectively (Siam, 2006).

According to Author Sarji (2017), there are different studies that have been revealed in order to convert a system of the industries is continuously moving towards the automated from traditional. Due to this, the business operations have been supported as well as it helps as the competitive edge in order to realize the control of operations, increase in service delivery, higher efficiency, reduce the human errors, branch productivity, maintaining the customers, customer services, real-time of information systems, risk management, reduction of branch offices, accurate fund transfer, reducing the numbers of the staff in branch and reducing the cost by utilizing the various labor-intensive methods along with the computerized process. By



utilizing the information technology the performance of the can enhance due to which profit will increase as well by reducing the cost (Sarji, 2017).

According to the Author Ahlemann (2009), the second point is about the productivity of the industry which impacts is required for risk management. This system has some strengths and weaknesses based on this that system can be evaluated. Three groups are playing an important role in increasing the importance of this system. This is because it has a formal control system, external integration and risk management system. There is only one weakness in this system and that is it was not highly efficient in formal controlling technique. This is because it requires a lot of time upgrading the whole system. (Ahlemann, 2009).

According to the Author Yakemovic (2000), it is conducted that the third point was about the quality cost for the risk management of the industries' productivity. The strength of PROMQACS is that this system has the ability to calculate the quality cost for the project system. This is because it will improve the quality of the cost of the information system that is required for the construction industry. This software has the ability to improve the efficiency of the system in a proper way and have the ability to manage the proper cost for the project. There is some weakness in this software that includes. This software is not highly efficient to use and also it is not user-friendly. This software is only related to the construction industry only and this is one of the main reasons for the weakness of that software (Yakemovic , 2000).

A major strength of the company is the entrepreneurship capabilities where manufacturing industries have remained highly aware of the changing trends and the market gaps to identify the new ideas for expansion. It is identified that the innovative capabilities of the company help it stay competitive and successful in the long run through the risk-taking approach and the desire to seek for new ideas Excelsior initiates with the fashion apparel and expanded into the manufacturing of clothes for the hospitality industry. Now, based on the changes in trends for tourism and outdoor apparel, the company intends to take advantage of the online platform to launch its specialist apparel that will serve the purpose of adventure clothing and fashion clothes both.

Non-managerial staff such as employees working on the lower level needs training for increasing Labor productivity and profitability. Staff training helps them to meet new



challenges and opportunities. A training scan is done on a weekly basis as well as on a monthly basis. Employees training also help the managers to perform the high-level task to meet the market and high arising challenges of the business environment. Trained staff can perform many times better than non-trained staff. In the case of construction companies, their estimate of completing work in weak is only possible through a well-trained staff. Although the effect of training is still positive it also has some negative effects on staff and reduces their performance. Firm who have free training services for their employees must keep balance among managerial and non-managerial staff training. On the other side training also create an average effect on some employees in small and medium enterprises.

METHODOLOGY

In order to gain a clear knowledge, the researcher selected both the primary data and secondary data. This has helped the researcher to understand the influence of risk on the productivity of the company. In case primary data the researcher has selected 80 respondents, in order to analyse the influence of risk on the productivity of the corporation.

Demographic analysis

Gender	
Options	<i>Numbers of people</i>
Male	69
Female	11

Table 1: Gender of the respondents

The above table denotes that the number of people who have responded in the survey process is 69 males and 11 females. Further, it can be analysed that the males and females who have selected for the survey

Risk management policy	
options	number of employees
yes	54
no	17
maybe	9

Table 4.2: Risk Management policy

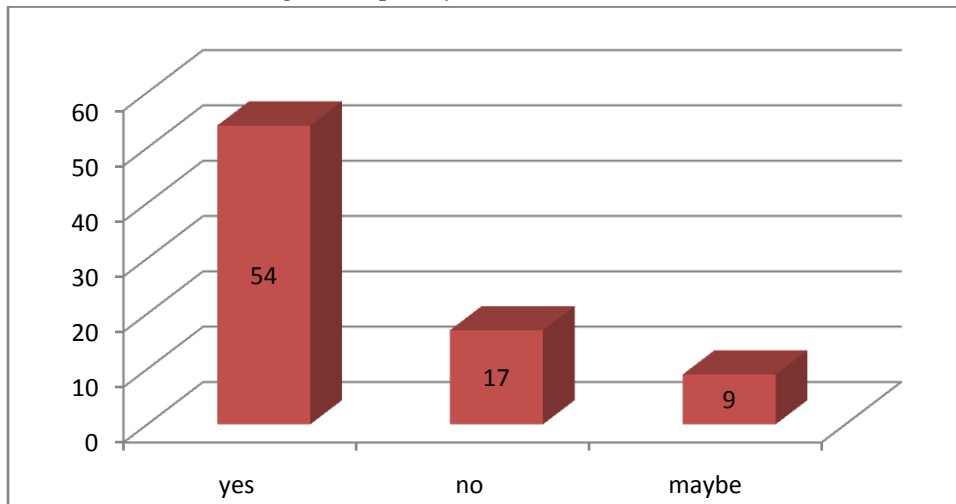


Figure 4.1: Risk Management policy

This figure denotes that the company will have to implement some risk management policy in order to decrease the risk of the corporation. In addition, it can be analysed that employees of the corporation should have a piece of knowledge about the risk management policy of the corporation. If employees of the corporation have knowledge about the risk management policy of the corporation then that will enable them to understand the impact of risk on the productivity of the corporation. In addition, it can be analysed that if the workforce of the corporation has no piece of knowledge regarding the implementation of risk mitigation policy of the corporation then that will have a negative impression the productivity of the corporation.

Review of risk policy	
options	number of employees
Quarterly	19
Semi-annually	15
Annually	24
others	19

Table 4.3: Review of risk policy

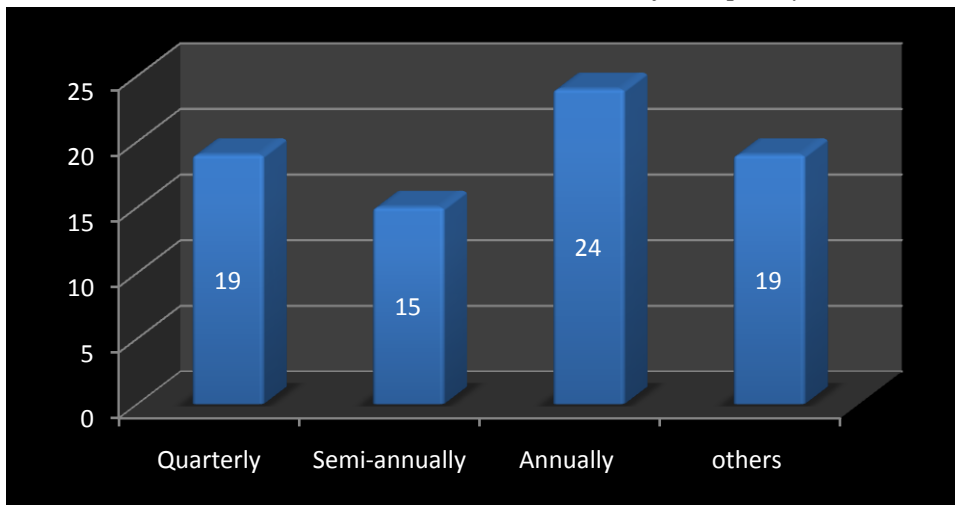


Figure 4.2: Review of risk policy

The above table denotes the review of the risk policy of the corporation in this case the maximum number of respondents responded that the risk policy of the corporation is reviewed annually. If the policy of the corporation is reviewed annually then it will enable them to understand the influence of risk management policy in the whole year. This will allow them to reduce the risk of the corporation. This in turn will have an impact on decreasing the risk of the corporation. Thus, in order to understand the implementation of the risk management policy fully it should be reviewed annually. In organizations, the risk



management policy is reviewed in the interval of more than one year. Besides, there are 20 employees who have responded that the risk management policy is reviewed annually in order to understand the influence of implementation of that policy.

training of the employees	
options	number of respondents
Strongly agree	9
agree	31
undecided	21
disagree	14
strongly disagree	5

Table 4.4: Training of the employees

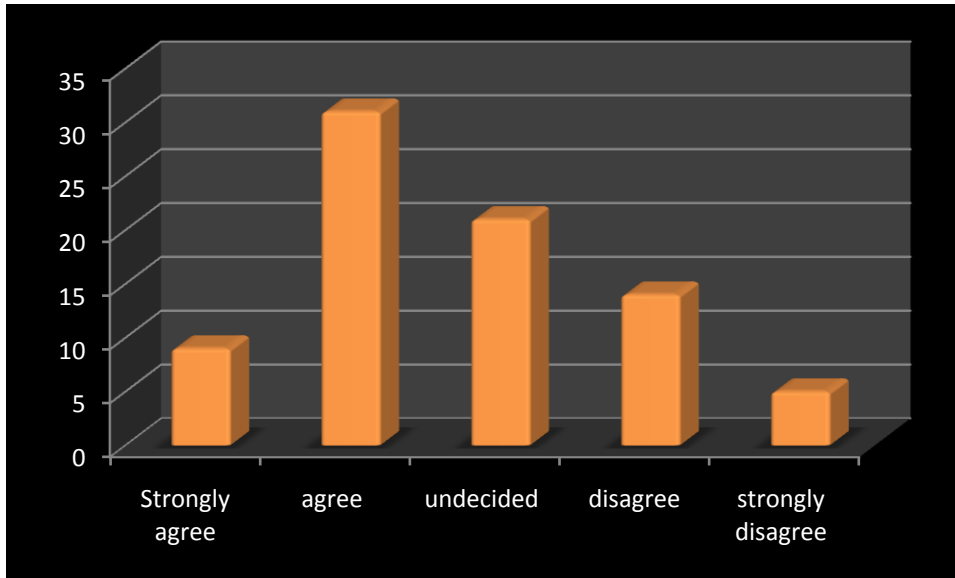


Figure 4.3: Training of the employees

The above figure denotes that training of the employees of the corporation enhances the productivity of the workforce. If the employees of the corporation are able to implement the risk mitigation policy, then that ensures them to decrease the risk of the policy. This in turn also have an influence on the productivity of the employees of the corporation. This in turn also has an impact on the productivity of the employees. In this case most of the employees in the corporation are well trained for the implementation of risk mitigation policy. If the risk of the corporation decreases, then it will have an impact on the productivity of the employees of the corporation.

The factors in risk controlling methods	
Options	Number of respondents
Statutory requirements	10
cost of the risk control methods	30
estimated loss	23
frequency of risk occurring	17

Table 4.5: The factors in risk controlling methods

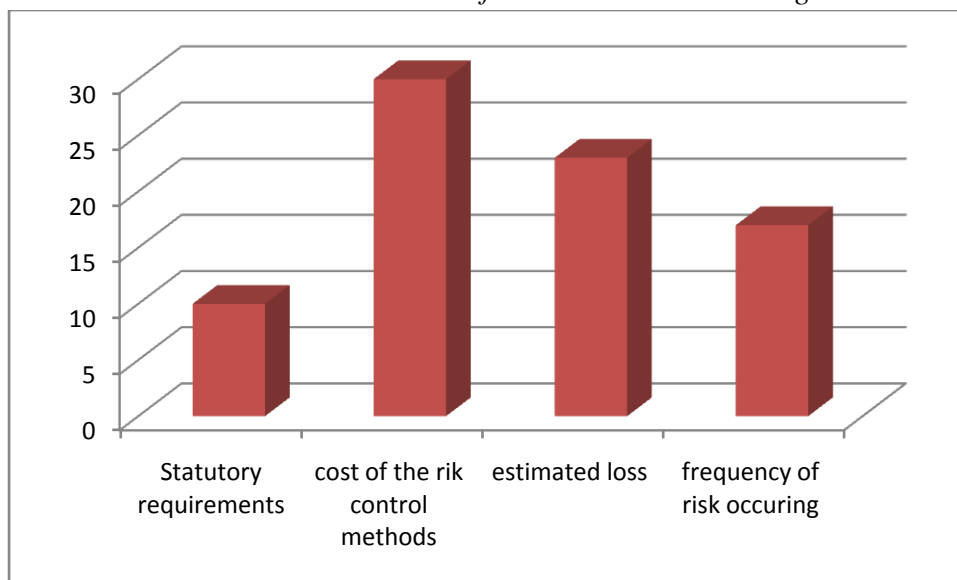


Figure 4.4: The factors in risk controlling methods

The above figure signifies that in order to decrease the risk of the organization there are several factors however, the researcher will have to consider a factor and that is the cost of the controlling methods of the corporation. If cost is high, then it will have an influence on



the controlling of the risk of the corporation. If the cost of the risk controlling method is low, then it will enable them to implement the risk controlling measures. This in turn has an influence on controlling the risk of the corporation. In order to decrease the risk of the corporation the company will also have to hire people with high qualifications. In case the credentials of the workforce are higher than the position of the member of staff will also be higher which will also enable them to comprehend the risk of the employees of the enterprise. As a result of that, there are a large number of folks with a higher qualification which will enable them to identify the risk of the company. Thus, this situation signifies that there are a large number of people who are qualified and able to understand the risk of the enterprise.

risk management technique	
Options	number of respondents
risk avoidance	42
risk abatement	156
risk allocation	16
risk retention	3
Other	3

Table 4.6: Risk management technique

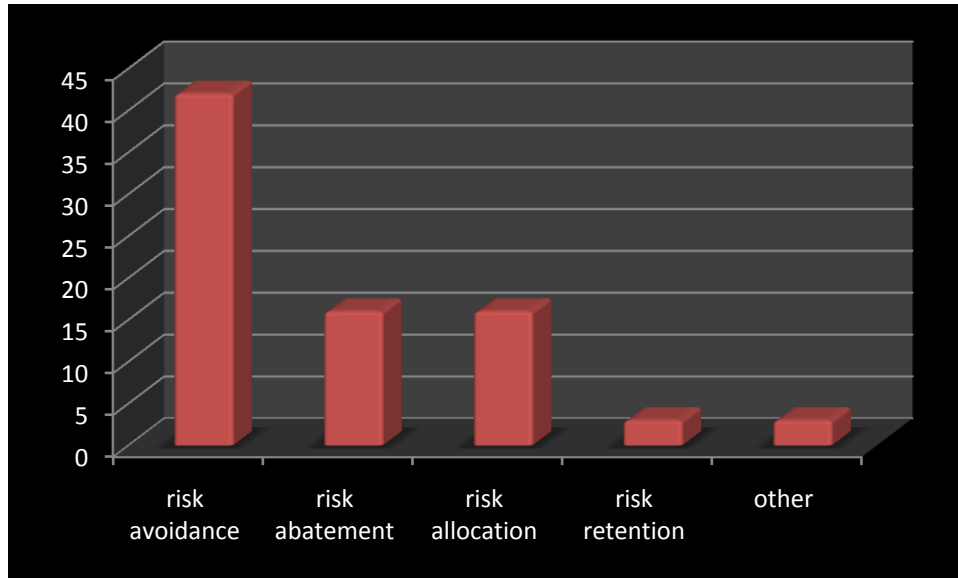


Figure 4.5: Risk management technique

The above figure denotes the risk management techniques that are implemented by the company in decreasing the risk of the corporation. In this case the maximum respondents answered that the company will have to implement the risk abatement policy that will enable them to monitor the risk of the corporation. In case the company implements the risk avoidance techniques then it will have an impact on the productivity of the corporation. Thus, if the company implements the risk avoidance then it will enhance the risk of the corporation. In this case 30 employees said that the corporation will have to implement the risk abatement techniques in the corporation. Further the employees of the corporation will have to implement the risk mitigation policy. If the workforce of the business has knowledge about the risk supervision policy of the corporation then that will enable them to recognize the influence of risk on the productivity of the corporation. In addition, it can be analysed that if the workforces of the firm do not have a piece of acquaintance regarding the risk execution policy of the corporation then that will crease the productivity of the corporation.



CONCLUSION

In addition, no particular organization has been chosen for analysing the impact of risk management on organizational productivity. In future, a particular organization would be selected for acquiring more data about operation management of it. Along with this, more participants would be gathered for understanding their point of view about organizational productivity and risk management. On the other hand, more theories and models would be considered for understanding the dependability of organizational performance on risk management. In addition, basic requirements of risk management and its impact would also be evaluated for accomplishing comparative study in a better way. Furthermore, steps of risk management would also be elaborated for understanding their impact on organizational productivity and profitability level.

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