



**THE ROLE OF STRATEGIC PLANNING IN RISK  
REDUCTION IN MULTINATIONAL COMPANIES  
(MNCs) IN JORDAN**

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BUSINESS ADMINISTRATION**

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MULTINATIONAL COMPANIES (MNCs) IN JORDAN**

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## THESIS APPROVAL PAGE

I certify that in my opinion the thesis submitted by Zaid osama moh'd ABU-DABBOUR titled "THE ROLE OF STRATEGIC PLANNING IN RISK REDUCTION IN MULTINATIONAL COMPANIES (MNCs) IN JORDAN" is fully adequate in scope and in quality as a thesis for the degree of Master of Science.

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The degree of Master of Science by the thesis submitted is approved by the Administrative Board of the Institute of Graduate Programs, Karabuk University.

Prof.Dr. Hasan SOLMAZ .....

Director of the Institute of Graduate Programs

## **DECLARATION**

I hereby declare that this thesis is the result of my own work and all information included has been obtained and expounded in accordance with the academic rules and ethical policy specified by the institute. Besides, I declare that all the statements, results, materials, not original to this thesis have been cited and referenced literally.

Without being bound by a particular time, I accept all moral and legal consequences of any detection contrary to the aforementioned statement.

**Name Surname:** Zaid osama moh'd ABU-DABBOUR

**Signature:**

## **FOREWORD**

I would like to take this opportunity to express gratitude to the people in my life who have supported, assisted and encouraged me during my MBA.

A heartfelt appreciation to Prof. Dr. Elif ÇEPNI, my supervisor, for her tremendous advice, intelligent recommendations, and unending encouragement and support. Working under her guidance was quite a gratifying experience; her foresight and strong work ethic are qualities I aspire to carry with me into the next stage of my career.

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## **ABSTRACT**

Risk management is one of the most important activities undertaken by companies, especially multinational companies, because of its immense importance in practice, but from what we know has been published on this topic. Understanding and managing risk is an essential task for companies. Dealing with recognized risks, dealing with them, and making informed decisions about dealing with them are among the most prominent issues in risk management, and accordingly this study aimed to broaden discussion about types of risks and understanding risks.

**Keywords** : Multinational Companies; Risk; Management; Strategic Planning.

## **ÖZET**

Risk yönetimi, uygulamada büyük önemi nedeniyle, özellikle çok uluslu şirketler tarafından üstlenilen en önemli faaliyetlerden biridir, ancak bildiğimiz kadarıyla bu konuda yayınlanmıştır. Riski anlamak ve yönetmek, şirketler için önemli bir görevdir. Tanınan risklerle başa çıkmak, bunlarla başa çıkmak ve bunlarla başa çıkmak konusunda bilinçli kararlar vermek, risk yönetiminde en önde gelen konular arasındadır ve bu nedenle bu çalışma, risk türleri ve riskleri anlama konusundaki tartışmaları genişletmeyi amaçladı.

**Anahtar Kelimeler** : Çok Uluslu Şirketler; Risk Yönetmek; Stratejik Planlama.

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## **ABBREVIATIONS**

MNCs	: Multinational Companies
ERM	: Enterprise Risk Management
WTO	: World Trade Organization
GDP	: Gross domestic product
BMI	: Business Model Innovation
SM	: Strategic Management
SP	: Strategic Planning
CSP	: Crisis Strategy Planning
SDM	: Structured Decision Making
TMT	: Top Management Teams
IT	: Information Technology
ERP	: Enterprise resource planning

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background Of Research:**

This thesis examines the sector of multinational companies in Jordan, the main objective of this study is to investigate the extent to which institutions implement response strategies to reduce risk damage or prevent its occurrence from the beginning, by studying the relationship between a sound strategic planning process and a low level of risk, risk management is one of the most important activities that companies practice, and it has been shown that the world over the past decade has witnessed many setbacks and setbacks on a large scale in the business world, for the global economy it is a great and devastating tragedy as companies were carrying out harmful and illegal businesses in the societies in which they operate as executives through their unethical practices, claim that companies consolidate social responsibility. Nevertheless, the business strategy can do harm to society. Moreover, it is important to research the extent of corporate twinning and their interest in the process of strategic planning because of an important need, so the hypothesis of this paper is that the sound strategic planning process for multinational companies should have a significant impact on significantly reducing risks, especially in societies where it conducts its business in it, especially in developing countries. Therefore, this paper aims to discuss and delve into the sound and correct strategic planning process for multinational companies and their impact on avoiding danger or limiting its damages.

#### **1.1.1 Multinational Companies In Jordan**

Jordan's Hashemite Kingdom is now in a highly intriguing and exciting era of economic, political, and social growth; Jordan has been successfully undertaking a far-reaching economic restructuring and reform program over the last decade or so, as a result the Jordanian economy has shifted from being controlled by the state sector to one in which the private sector takes the lead and market forces are free to function Jordanian policymakers agree with the generally held notion that the public sector's role should be

limited to providing an environment favorable to private initiative and business under circumstances of fair competition and a level playing field.

Democracy, pluralism, and the preservation of human rights for all people have all become recognized standards of political life in the Kingdom Jordan, as a civilization has been fast to play an active role in the knowledge superhighway as the globe has shrunk into one global village as a result of the knowledge revolution and the shrinking of the world into one global village.

In Jordan, corporate performance has lately become a source of concern in decision- and strategic planning in both the private and governmental sectors, due to the economic indications of very low Gross Domestic Product (GDP), rising unemployment and decreasing levels of corporate profitability and share pricing in the Amman Financial Market in recent years, public awareness of this issue has grown in recent years (Central Bank of Jordan Annual Report, 2020).

This thesis examines the response of multinational companies (MNCs) in Jordan, it is among the most important components of the phenomena of globalization or the present economic system, with numerous distinguishing unique advantages that determine their function and effect on the global economic system, the primary goal of this research is to study the possibility of corporations employing risk-reduction or risk-prevention techniques by looking into the relationship between the pure strategic planning process and risk reducing damage or preventing its occurrence from the beginning.

### **1.1.2 The Importance Of Multinational Companies In Jordan**

Multinational corporations are described as a business that develops and manages operations for the development and exploitation of income-generating assets in more than one countries in the pursuit of long-term profitability (Teece, 2014).

By establishing markets and influencing consumer behavior, multinational corporations play an essential role in worldwide economic activity, globalization and economic liberalization have given these firms a fantastic chance to become a worldwide competitor by increasing production in order to capture the maximum proportion of the market. However, these firms' long-term strategic visions differ, as some want to become the largest company in the sector of activity that they practice and make profits in order to expand and grow and become able to continue, whilst others battle for survival and

competitiveness, while other companies link their future vision and survival and competitive success to the extent of their interest and appreciation for society and its service within the framework of what is known as multinational companies' social responsibility, the latter has emerged as one of the goals of these companies as a unit of society because there is a social, moral, and value contract between society on the one hand, and these companies on the other, this interdependence is evident through the standards of social responsibility that control the activities of these companies (<https://cutt.us/PXFwB>).

## **1.2 Research Motivations**

Information technology (IT) is becoming the most popular sector for both young students and young businesses. Since ascending to the throne in February 1999, King Abdullah II has made enhancing a lot of all Jordanians his top goal, he believes strongly in private corporations and has traveled around the region and worldwide to represent Jordan as a safe haven for international investment and to welcome foreign investors to Jordan. Privatization which had been on the cards for a while, ultimately took off in a significant manner owing to his majesty's pushing. Jordan was also admitted to the world trade organization (WTO) at record speed.

Jordan, according to King Abdullah will take on a new role, his aim is to turn Jordan into an experience and understanding society and a regional hub for technology transfer and dissemination. Furthermore, Jordan has the most important resources in this regard, the inventiveness of its highly educated and talented labor force, which is pushed and inspired by an enthusiastic and resolute youthful leadership at the very top, it's hardly unexpected that these important changes have piqued the interest of scholars.

The main motive for conducting this research is encouraging through the lack of studies on risk avoidance in multinational companies (MNCs) and the lack of actual application for companies in developing countries, especially in Jordan. The world today is witnessing huge economic transformations that do not consider the economic, political, or even geographical consequences of the consumer's needs, even if they do not fit his culture, these markets have come together to show us what is called the global market; Therefore, dealing with new risks and challenges is of immense importance in owning multiple companies at a time of continuous and rapid change, economic



enterprises can no longer remain isolated with their production and marketing capabilities to gain a competitive advantage, it is not surprising that we find project managers directing their efforts in reforming what was caused by risks that were not recognized, so the emergency in one project cannot have the same effect on other projects, and what managers do in terms of reform is in the analysis of previous mistakes to determine the risks coming early to reduce the negative impacts on the rest of the projects. We propose that MNCs address risk reduction at the source rather than attempting to prevent or respond to problems as they emerge, managers may gain a competitive advantage by implementing peacebuilding tactics that not only minimize investment risk but also contribute to the stability and prosperity of the communities in which they operate. In general, risks can be managed based on the factors evident to the company. Therefore, we would like to compare many companies and the obstacles they faced to obtain a relationship or a pattern related to the factors affecting risk management in multinational companies.

### **1.3 Research Problem:**

Multinational companies are the main participants in the global economy today; They are sources of capital rather than transferring technology, knowledge and experience, and access to global markets, they also have a significant impact on technology transfer, social innovation, and infrastructure development. As multinational companies help replace failed market sectors, activate employment, increase salaries, and have a social and cultural impact if the investment is directed towards advanced non-traditional products, as the uncertainty about market trends and the business climate in which multinational companies operate is one of the most significant difficulties they confront today (Abuzaid, 2018).

Multinational Companies it is one of the most expressive forms of globalization of the economy; When we talk about projects, the competitive advantage is one of the most important plans that companies must consider because the competitive advantage makes projects extend for years, It is also one of the factors affecting multinational companies as these companies try to expand their business outside their countries. The expansion of the activities of multinational companies is also one of the risks that companies face; In addition to the usual risks in global trade such as operational risks,

financial risks, reputational risks, currency, in addition to the risks of the host country, whether political, wars or corruption.

In addition to the practical motive in the previous part, the focus of this research was on a keen interest in risk reduction in strategic planning. None of the major theories regarding environments and organizations have a significant impact on research and studies on multinational companies and no research on multinational corporations has attracted widespread interest from regulation theorists Ghoshal & Westney (1993:1).

#### **1.4 Aim Of Research:**

Dealing with recognized risks, dealing with them and making informed decisions about dealing with them are among the most prominent issues in risk management and accordingly, this study aims to broaden the discussion about types of risks and understanding risks. Where we will try through this study to show the importance of understanding what is related to risks, understanding risks, preventing their occurrence or discovering them in their initial stages, and then applying the best means that help protect companies and employees from the possibility of their occurrence material losses and training employees how to properly carry out their responsibilities to avoid risks. Ensure that the control and early warning system is operating with high efficiency to be able to alert hazards before they occur and to forecast and assess their damage.

#### **1.5 Research Objective:**

- 1) Highlight workers' performance in terms of how to correctly carry out their obligations in order to prevent incurring risks.
- 2) Actual application of the early warning system and verification that it works with high efficiency to be able to predict risks before they occur and assess their damages.
- 3) Introduce officials to strategic planning files in order to identify the tools and actions involved in the strategic planning process.
- 4) Examine the extent of the impact of the strategic planning process in avoiding the risk.
- 5) Understand the impact of the early warning system on reducing risks.

### **1.6 Research Question:**

In this section, the aim of this research outlined above will be highlighted, and key questions for research will be identified to help correct this message towards reaching the goals and achieving them. The main research question is formulated as follows:

#### **How do managers deal with risk in the strategic planning process?**

The major question is broken down into two parts:

- 1- Does the strategic planning process affect the possibility of applying response strategies to reduce risks?
- 2- To what degree do company characteristics, such as age, influence businesses' likelihood to use risk-reduction response strategies?

### **1.7 Scope Of The Research:**

Given the previous background of the research, the objectives, and the main motivation for this study, it is worth clarifying the research community, as we will talk about the number of companies that were studied in this research.

This thesis collects its data from Jordan. However, Jordan is not geographically large, so most of the companies are only located in several governorates. It should be noted that the data collected in the research consists of (372) a multinational companies, whether foreign or Jordanian.

## **CHAPTER 2**

### **LITERATURE REVIEW**

In this chapter, we can speak approximately a way to gain the studies goals that we cited in chapter one thru complete evaluations of the literature associated with strategic making plans and risks.

#### **Brief**

The goal of this section will be to review the available literature on reduction and strategic planning in order to distinguish the analysis issues. To achieve the primary goal, this chapter's measurable goals are as follows:

- To conduct a literature review on the topics of strategic planning and as a result risk reduction.
- To explore risk management approaches by reviewing the literature.
- To investigate issues with human systems in relation to risk reduction as part of the strategic planning processes.
- To provide a summary of international corporations operating in Jordan in terms of risk management.

## **2.1 Strategic Planning**

Strategic planning is a prominent strategy used in a variety of businesses to adapt to the fast-changing environment that has existed since the 1960s. Strategic planning has aided businesses in addressing a variety of difficulties such as creating functional scopes and combining expanded short-term performance targets with mid-term and long-term strategies, it has also been referred to by other titles, such as 'long-term planning' and 'corporate planning' (Zhou, 2018). The main reason for implementing a strategic planning system is to help an organization establish more effective plans, which will result in greater economic performance, it is thought in this context that not only the actual strategy but also the planning process, has an influence on subsidiary performance. Thus, even if the actual approach is ineffective the planning process always is necessary (Hemminger et al. 2015). Furthermore, both Andersen (2000) and Powell (1992) were able to demonstrate experimentally that corporate strategy is even more successful inflexible and chaotic market situations.

### **2.1.1 Development Of Strategic Planning**

Based on the above statements, it is possible to conclude that there are two major aspects of strategic planning, which are the destination desired by the organization and the most appropriate strategies and pathways to attain such target, because the goal of strategic planning is to develop strategies that will allow the organization to reach its desired destination, the following section attempts to include the concept of "strategy"; A variety of external improvements have had an effect on the development of strategic thinking and strategy creation, the first phase of strategy formulation occurred in the late 1940s and early 1950s. The primary goal was to ensure that budgets were met; Because the external environment got more competitive and chaotic, budgeting became an ineffective way of regulating organizational resources; in fact, it became a danger to rely on historical performance to foresee or manage the future in the manner that the budget technique did (Zhou, 2018).

The rapid growth of technology, as well as the expansion of the institutional size and economic potential, began to appear around the end of the 1960s. As a result, managers were pushed to examine the long term and prepare for the long run, which switched focus to organizational competencies and contextual evaluation, firms' continued inability to forecast economic shifts using the tools at their disposal during

this time hampered their progress (Friend and Hickling, 2005). Long-term planning was replaced by strategic planning in the 1970s. Several organizations embraced these new extensions and maturation of strategy whenever the administration began to understand the fundamental compulsions in the external environment rather than reacting to them or just "trending" the past; It has been argued that significant progress was made in theory formulation, research production, and commercial strategy and tactics throughout the 1970s. The "strategic conflict approach" was another type of strategic thinking that arose in the 1980s (Kaplan and Norton, 2001).

All through the previous century, industrialization world wars, bureaucracy and democracy systems, modernism and post-modernism, the advancement of the petroleum industry, civil rights activists, the advancement of the IT space, and a huge shift in political theory all had an effect on many areas of the world; Strategic planning has already been pushed to aid states, nations, and enterprises, as well as individuals in managing with and adjusting to change. Strategic planning is used to enhance an organization's capability to adapt and to increase the competency of its individuals to behave, think, and gain strategically in the face of institutional and contextual changes.

## **2.1.2 Recognize Elements Of Strategic Planning**

### **2.1.2.1 Content**

According to research, strategic planning is crucial in strategy creation because it influences how businesses articulate significant challenges, set objectives, examine alternatives, and pick a strategy (Wolf & Floyd, 2017). Strategic planning also has been highlighted as an important tool for integration and coordination, as well as a foundation for both standardizing and decentralizing managerial decision-making (Jarzabkowski & Balogun, 2009). However, many businesses have failed to realize the benefits of planning, and research has been inconsistent in correlating planning to organizational performance, which in turn decreases risk (Bloom & Milkovich, 1998) emphasizes the need of reviewing and cataloging everything we accomplish. Gain knowledge of strategic planning and evaluating new research directions.

### **2.1.2.2 Context**

The context of strategy, or the organizational environments during which strategies are developed and implemented, is related to the internal and external

organizational factors that comprise the substance and method of strategies, empirical and subjective evidence suggests that the strategy process is influenced by a variety of contextual factors, including the size and maturity of the corporation and organizational culture, as well as the demographics, individual characteristics and type of leadership of key players involved in the procedure (Zhou, 2018).

### **2.1.2.3 Results**

The majority of research on public-sector strategic planning has focused on performance outcomes, particularly target attainment, efficiency, and effectiveness. As previously stated, strategic planning appears to be favorable in terms of these outcomes. Some studies have discovered a correlation between perceptions of enhanced performance and strategic planning, others have avoided typical source bias and performance judgments by linking secondary performance indicators to survey data; Find favorable causal relationships in this problem between collaborative strategic planning, more robust strategic planning designs and success as assessed by the number of beds provided for homeless people (Bryson et al., 2018). In this issue, he incorporates both subjective and objective information in his research and discovers favorable linkages among strategic planning and leadership views of success, but still no significant ties with objective performance data.

Bryson et al., (2018) In the context of the financial crisis, Italian communities with superior strategic planning appear to take a more responsible approach to budget.

### **2.1.2.4 Procedure**

The planning procedure is dependent on the planner's capacity to horizontally and vertically integrate a variety of occupations inside the planning method in order for corporate and institutional goals to be met with some effort within a given time period, it is claimed convincingly that the strategic planning technique has structural limits that may exist throughout the application stage. This outcome maintains the essentially prescriptive link between the tactical planning execution and development stages (Zhou, 2018).

Eventually, the business must evaluate actual performance in relation to its established objectives and plans through budgeting and auditing. Poister and Streib (2005) additionally, the evaluation and feedback procedures of strategic planning were

emphasized. For yearly assessments to genuinely stimulate impending job activity, plan makers must have expertise in developing and communicating plans, which are then evaluated every three to five years according to several strategic planning.

However, one critical component is missing: the human dimension, humans, their behaviors and the consequences of those actions on results have resulted in a change in strategic planning. Human factors were thought to be a possible risk element in early strategic planning studies, (e.g. Lyles and Lenz, 1982) recent research has indicated that the strategic planning process of managers is a series of key activities that provide a variety of obstacles (e.g. Eppler and Platts, 2009). This challenge necessitates the assessment of risk in strategic planning.

### **2.1.3 Multinational Strategic Planning**

A multinational business plan differs greatly from domestic strategic planning, distance, culture, and language differences must be considered, markets are no longer principally homogeneous, but segmented and diverse, market data collection is often difficult, and the data itself is highly suspicious in reliability, the situation in which a corporation operates is also likely to be different from region to region, while the ability to handle legal aspects becomes much more valuable, and business is going in a variety of currencies. Because of cultural and business tradition disparities, it is more difficult to create consistent planning assumptions, not just between home and international operations, but also inside foreign activities. In addition, there are significant disparities in measuring and control systems. A reasonable, comprehensive career strategy for decision-making based on defined procedures and techniques of analysis is implicit in the idea of planning. To assist the MNC's headquarter operation in the critical allocation of resources process, it is useful to have comparable, if not identical, strategies for organizing throughout its operations to allow for comparative and assessment. However, variances in accounting practice from nation to country, attitudes toward work measurement, and varied government transparency and information requirements all place limits on the use of standardized measurements and control systems. In MNCs, there is no one method to plan, rather there is frequently a requirement to guarantee that necessary efforts are made to achieve strategy cohesion among business and geography, and, in particular, to cope with the legal and tax challenges of operating across country boundaries. In practice, a variety of factors have a significant impact on the sort of



planning system used. These include a company's degree and kind of product variety, the quantity and route of cross-border product flow, the economics of the manufacturing process, and, to a lesser extent, the essential forms of marketing as well as research and innovation plans. The planning process suitable to a specific multinational also tends to vary in connection towards the decision-making power and authority suitable both at different levels of the organization, particularly at local subsidiaries, location and item divisions, and company headquarters, as well as the stability between the requirements of product and market adjustment and integration (Channon and Jalland, 2016:51).

## **2.2 The Management Of Risk**

Because strategic planning studies on forecasting future uncertainty are sparse, this section elaborates on some of the difficulties stated in the prior section, requiring risk reduction in strategic planning. As a result, this section looks at two topics: why risk management is important and how risk is assessed in strategic planning. The first theme is the significance of managing risk, which motivates risk management research, the significance of enterprise risk management (ERM) and enterprise risk management (ERM) methods, as well as risk assessment in strategic planning, are then addressed to support a review of the risk management database (Zhou,2018).

## **2.3 Risk Assessment In Strategic Planning**

As part of an increasing interest in discovering the causes of strategic planning's decline, Zhou (2018) believes that strategic planning must be able to cope with this change because as the international business environment becomes more diversified and dynamic, strategies become less come. If you don't adapt to this change, it's effective; Since conditional transitions are generally considered unsafe, dangerous, and unpredictable, organizations may respond cautiously and conservatively to transitions, thereby failing to adapt to new conditions, thereby reducing their ability to effectively manage unpredicted disasters and crises. The significance of disasters and crises and the discussion of crisis management and organizational risks in the strategic and educational literature of the 1970s and 1980s were seldom or even irrelevant; this reduced the importance and focus of establishing corporate security. In view of the rapidly changing economic environment, globalization, and emerging economies, a new perspective on strategic planning is needed, and additional attention should be paid to organizational

risks, crises, and disasters, as well as Zhou (2018) guidelines. Acknowledge that although the condition is constantly changing, it is important that strategic planning is as well constantly changing to maintain balance. or consistent with the external environment, which helps to rethink strategic planning in different business environments, and (Aldea et al., 2014) further believes that although strategic planning helps predict the future, upcoming and unpredictable events are still difficult to predict. Lack of activities to respond to crises, natural disasters, and risks,, the strategic planning of many organizations makes it difficult to predict the future. Therefore, strategic planning must implement a broader vision, identify hazards and risks, and organizations must spend some time learning and understanding organizational changes as part of their strategic planning, involve political, technical, and cultural factors, to respond to various expected future conditions. Manage unforeseen crises and disasters (Zhou, 2018).

Moore and Wilks (2004) claimed that in some instances risk may quickly grow within crisis and ultimately disaster if ignored or not adequately handled (presenting the process in relation to this problem), as seen in Figure 2.1. As a result, mistakes may quickly develop from a functional issue to one of strategic importance, and then to a problem that threatens life. The situation might deteriorate if a crisis in one institution has a similar impact on other organizations.



**Figure 2.1: Extension of Circumstance (Source: Wilks and Moore, 2004)**

### **2.3.1 Risk In MNCs**

Risk is not a consistent concept; Different researchers have different views about risk. The definition of risk changed throughout history, it is a challenge to generally agree on the definition of risk, of many definitions of risk available, the ones deemed most appropriate in term of explaining what can happen during risk, and what are the consequences of risk? Most people associated risks with possibilities or likelihoods of loss or harm (Brinkmann, 2013). Unless its positive impact, risk is more likely considered as “negative and undesirable consequences” (Iftikhar and Müller,2019). One

of the hallmarks of a dangerous occurrence is the possibility that it may cause a definite result, with measured or predicted repercussions. One feature of a risky event is that there is a chance that the event may produce a certain result, and that the result may have quantifiable or specified repercussions. Risk is a probabilistic occurrence with foreseeable consequences. Risk and its consequences can be analyzed, minimized, and avoided. It is vital to calculate the likelihood of unfavorable events and the related losses (Iftikhar and Müller, 2019).

### **2.3.2 Crisis In MNCs**

Strategic management means paying attention to the realization of the company's goals and functions, and considering the company's expansion in the use of resources (Madu, 2013). Given the inherent importance of strategic management in daily business, many researchers believe that most corporate goals must be consciously approached in order to finally achieve their goals (Nickols, 2016). Strategic design helps the organization manage and adapt to small changes. This is to strengthen the "organizations" capability to adapt to small changes. And strengthen the organization through change (Bryson, 2011).

The strategic design considers the medium-term path for the organization to achieve greater success in addressing weaknesses and threats, including the advantages and opportunities provided by themselves, as well as the resources and structural components required by the organization to implement the plan, and its effectiveness needs to be evaluated (Vargo & Seville, 2011). Therefore, leadership thinking focuses on strategies that more closely reflect social control and discipline methods (Fitzroy et al., 2012). Many researchers (such as Johnson et al., 2011) use strategic management (SM); Ridwan (2015) contains 3 main elements: strategy formulation, application and analysis. In addition, a core observation of the strategic management (SM) method is strategic planning (SP), which lays the foundation for the opposite steps, including: strategy formulation, application, and analysis (Ogonge, 2013). Therefore, SP is vital to the company because it can promote sustainable success and influence the promotion of SM (Elbanna, 2016).

The concept of crisis management refers to the strategy utilized by a nursing organization's employee to deal with unpredictable events and situations that can destroy the organization's operations:

- A risk to the organization.
- Part that was unexpected.
- Short decision-making time.

Crisis management refers to the process of preparing for and managing a crisis, this discipline involves identifying and managing threats to the organization, the concepts of data mining and analysis methods are often complex and require a certain arrangement of resources and structure to enable effective evaluation (Vargo & Sevilla, 2011).

There is a lot of overlap between these definitions:

- They are both concerned with the future.
- They address both weaknesses (vulnerabilities) and threats (risks).
- They both include making a plan.
- They both require organizational structures as well as resources to carry out the strategy.

But these two design processes are often managed separately when they are less controllable. This often results in a misspend of limited material and threatens strategic crisis planning. Both can be combined in a sustainable design approach. In the next five sections, we explore the international literature on the relationship between crisis management and strategic design. The overview is structured around the main topics outlined in the document (Vargo & Seville, 2011):

- 1- Silver lining.
- 2- Leadership in crisis.
- 3- Organization's culture.
- 4- Decision making in crisis.
- 5- Being aware of the current situation.

### **2.3.2.1 Silver Lining**

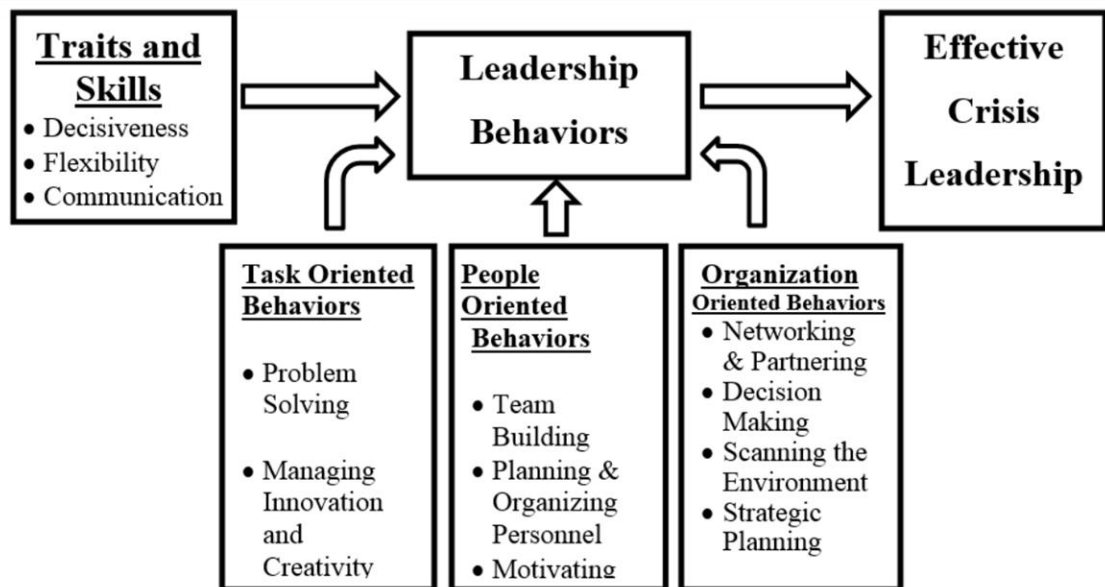
Interventions should specialize in helping people find silver pillows in times of crisis. they ought to also encourage people to seek out little things to be grateful for (Kowalski et al., 2021). Again, this is often about development methods and training. it's encouraging that dozens, if not hundreds, of degree programs in environmental economics, business and other disciplines have begun to supply courses in not only social entrepreneurship but also impact management over the past decade, creating a far better environment for performance measurement in every field (Olsen, 2011).

Strategic design has become a separate area from crisis management, in any case they have a lot in common (Almudallal et al., 2016). The most crucial step is the strategic planning process (Vargo & Seville, 2011). Crisis management cannot be successful without a plan. Therefore, crisis planning must be done correctly during a crisis, in a similar context, strategic crisis management action requires a strategic planning and crisis management process within the company. Knowing crises and evaluating them based on the fund's needs and wants, recognizing effective factors in the incidence of crises and their significance, and providing necessary facilities to control crises and reduce their negative effects are some of the actions that firms can take throughout a crisis. As a result, crisis strategy planning (CSP) becomes critical in promoting resilience, or the ability to quickly recover from problems and disasters. When it comes to dealing with crises, resilient companies are more prepared and flexible, whereas less resilient companies lack strategic preparedness (Almudallal et al., 2016). The process of coming up with ideas, carrying them out, and assessing their effectiveness. A strategic approach differs from crisis management in that the former focuses on chances while the latter focuses on dangers. However, given the unpredictable future, we must cope with all opportunities and hazards. A complete framework to strategic management in organizations (Vargo & Seville, 2011). Otherwise, it's a matter of sustainability. Flexibility is a company's ability to adapt, not just to survive; But to thrive in the face of uncertainty and hardship (Seville, 2008). Surviving a crisis is one part of crisis management, while prospering is another of strategy, locate the silver lining (Vargo & Seville, 2011).

### **2.3.2.2 Leadership In Crisis**

The backing of senior management is critical to strategic planning's effectiveness. Many scholars disagree on this premise; top management is critical to a leader's success (Al Shobaki et al., 2016). Since over a century, leadership has been a hot topic in a variety of disciplines. Leadership has played a critical role in assisting organizations in attaining their objectives using strategic planning in order to improve organizational performance (Rasid et al., 2014). As an example, diverse leadership styles are used as a planning medium, it also implies that if a leader's personal life is not effectively managed, it may have an impact on strategic planning. Furthermore, it may be argued that charismatic and transformative leadership has a considerable relationship efficacy (Al Shobaki et al., 2016). There are many examples of noble vice presidents trying to play a key role in bringing the organization out of major crises, leadership in a crisis is a decision; leaders must convey some form of hope and optimism, develop a vision for appropriate improvements, and assume the role of promotion manager (Vargo & Seville, 2011).

The accomplishment criteria for crisis management begin with "Leadership" to be considered a leader, a person is required to bring others together and energize them, as well as leave a mark and make a difference. Two conditions of leadership are good behavior and a point to communicate, leaders use their intellectual and cognitive expertise to paint a vision of the future. This is how leaders see things, leaders are followed by the people near them, and the people surrounding them are followed by the leaders (Fener & Cevik, 2015).



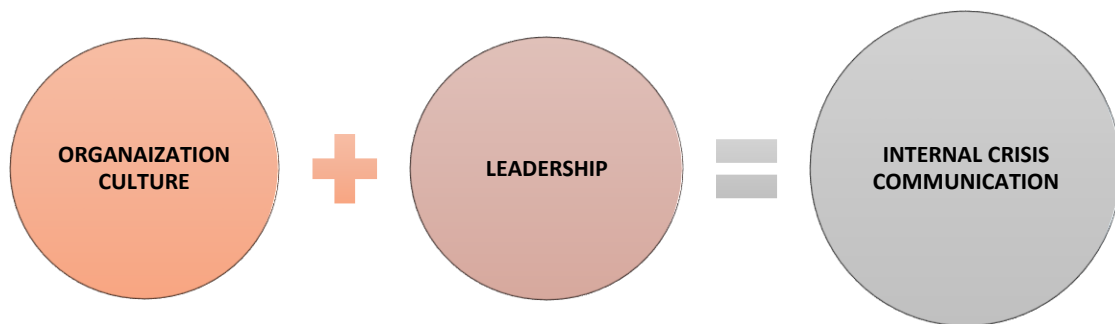
**Figure 2.2 Effective Crisis Leadership (Ustun & Kapucu,2014)**

Vargo & Seville (2011) The fundamental aspects of today's demand for leadership are connected to identifying the problem. Mental imagination, involvement, and action are the three duties of leadership, according to him.

### **2.3.2.3 Organization's Culture**

Organizational culture is a vital component in making good business strategic decisions, as well as crisis management. Regarding crisis management, culture provides both a chance and a risk (Vargo & Seville, 2011). According to Mitroff et al., (1989), principle hierarchical structures with inadequate available in varying are vulnerable to crises. The inclination to deny is a major trait of crisis-prone companies; This culture of burying one's head-in-the-sand culture is. According to Mitroff (2004) one of the most significant barriers to effective crisis management, organizational studies have been increasingly linked to culture (Abo-Murad & Abdullah, 2019). For large, expanding businesses, crises are unavoidable, according to Vargo & Seville (2011). This is due in large part to the tight coupling of our business operating systems, as well as the highly interconnected structure of the modern international value chain and lean just-in-time delivery systems. The age of the firm is the most significant aspect of firm-specific features. Firm age is a trait that impacts a firm's capacity to interact, adapt, and thrive in

a turbulent business climate. Survival in younger organizations or enterprises with less experience in a certain context, according to Thornhill et al., (2003), is attributed to firms' ongoing progress in financial management talents and managerial knowledge. Older, more skillful businesses, on the other hand, are hampered in their capacity to adjust to environmental change. Evans (1987) predicted, on the other hand, that businesses with greater business experience are less likely to fail when the environment changes. In line with prior studies, concluded that senior organizations can adjust to lengthy exchanges in the business condition, increasing their survival rank over youthful, rarely experienced enterprises. This might be attributed to the improvement of senior businesses as they gather more expertise. According to Coad et al., (2013), older enterprises have greater stages of efficiency, higher profitability, lower debt balance, and are often larger in size.



**Figure 2.3 Proposed Framework (Adamu et al, 2016)**

Abo-Murad and Abdullah (2019) argue that organizational culture is critical to an organization's success and that it has the power to affect organizational actions. Culture refers to the "glue" that bonds individuals together inside an enterprise to give direction, harmony, and a sense of direction; It is a socially created system of shared behaviors, values, and beliefs that are learned by the members of the organization. Furthermore, a large number of academics support the idea that organizational culture is a component of the organization instead of something that it owns. A company's culture is similar to a person's personality.



Vargo and Seville (2011) discovered a link was shown between organized planning procedures and SME income development, the capacity of companies to flourish in times of uncertainty is dependent on the disciplined use of planning processes for both crisis and strategy.

The culture of an organization is the most important element in determining whether it is crisis-prepared or crisis-prone (Mitroff, 2005). The culture of a company may either hinder or help in crisis management, researchers agree that an organization's culture may hasten a crisis by creating an atmosphere in which it might escalate; on the other hand, culture can be a key influence in an organization's preparing, reaction, dealing, and gain in a crisis (Abo-Murad and Abdullah, 2019).

#### **2.3.2.4 Decision Making In Crisis**

Risks are frequently defined by the necessity to make judgments in quickly changing settings when the knowledge on which to based such decisions is either insufficient or ambiguous. Decision-makers face enormous pressures, with the requirement to make "bet the business" judgments in six less-than-ideal situations, when making judgments under duress, pathologies arise, with decision-makers focusing on short-term concerns at the expenditure of long-term consequences (Vargo & Seville, 2011).

Vera and Tabesh (2020) think that strategic decisions are made up of critical, non-recurring and interconnected options that need big financial investments and have an impact on a company's long-term profitability and survival. Three procedures that may be utilized in the decision-making process are listed in the table below:

	<b>Improvisation</b>	<b>Rationality/Comprehensiveness</b>	<b>Intuition</b>
Definition in our work	The extent to which a TMT makes important decisions through a process that is spontaneous, novel, and action-oriented.	The extent to which a TMT systematically gathers and processes information in making strategic decisions.	The extent to which a TMT uses gut feeling and/or rapid subconscious, and holistic associations in making strategic decisions.
Key aspects and assumptions	Individuals think on their feet, engage in impromptu action, and learning by doing.	Individuals engage in comprehensive analysis of choices, including sequential phases, which may be rearranged.	Individuals rely on gut feeling and rapid, subconscious, and holistic associations.
Role of cognition	Recombination of prior knowledge in the moment.	Complex information processing that are comprehensive and rule-based	Subconscious mental processes in the form of holistic hunches and automated expertise.
Search processes	More variation in search	Search is local and comprehensive within cognitive boundaries.	Recognition of patterns or exceptions to patterns
Analysis processes	Action oriented. Retrospective sense-making: Act, think, act again. Iterative.	Sequential phases of alternative creation and evaluation, which can be rearranged. Detailed cost/benefit analysis	Subconscious ability to code, sort, and access the meaningfulness or relevance of past decisions or knowledge
Choice processes	Adaptive, flexible, experimental.	Intendedly rational, based on results of cost/benefit analysis, with cognitive limits. Less likely to change once initial decision is made	Knowledge that comes to mind with certain conviction of "rightness", yet without clearly articulated reasons
Focus on outcome	Shifting goals	Reasonably consistent goals	Unclear goals
Focus on process	Unpredictable process because of its creative and spontaneous nature.	Structured process based on cost/benefit analysis	Visioning
Time Orientation	Focus on the now	Bringing the past to the future	Insights occur "out of time," "in the flow"
Context	Crisis, scarcity of time, resources, information	Clear issue, reliable data, structured problem.	Unclear issue, unreliable data, unstructured problem.

**Table 2.1. Improvisational strategic decision-making (Vera & Tabesh, 2020).**

#### **2.3.2.4.1 Comprehensiveness**

The comprehensiveness concept is based on current rational choice theory and depicts top management teams' (TMT) strategic decision-making rationality. By definition, this model accepts human decision-makers limited rationality and cognitive

limitations. The extent to which senior managers methodically acquire and analyze information in order to make strategic decisions is referred to as comprehensiveness (Cabantous & Gond, 2011).

This includes top management conducting organized investigations to gather data (e.g., environmental scanning), explore various courses of action, and integrate the facts before reaching a strategic decision based on particular screening criteria, senior managers employ data-driven decision methods to systematically gather, review, discuss, assess, and examine information related to strategic challenges and potential actions to be taken in a very thorough structured decision-making (SDM) process (Van Knippenberg & Miller, 2018).

In situations where decision-makers are faced with significant restrictions, they may turn to heuristics, which are basic principles that are used to “disregard some of the data in order to make choices more quickly, cheaply, and correctly than more complicated techniques”. For example, decision-makers can substitute or combine specific phases in extensive decision processes with certain “basic principles”, resulting in a less complete overall decision process (Vera & Tabesh, 2020).

#### **2.3.2.4.2 Intuition**

While comprehensive SDM methods rely on a careful, detailed, and systematic examination, intuitive decision-making relies heavily on management judgment or gut instinct. We describe intuition in the case of SDM as the degree to which TMT relies on gut instinct and or quick, mainly subconscious, and holistic connections that originate from a strong grasp of the strategic issue, for example, leaders can detect or sense the possibilities and risks that surround a choice using previously learned information obtained through years of experience (Vera & Tabesh, 2020). An intuitive decision-maker may proceed to make a strategic option based on these sentiments or intuitive conceptions, unlike judgments based on comprehensiveness, intuitive decisions are difficult to justify using objective data, and decision-makers are unable to openly articulate or discuss the reasons for their intuitive strategic decision. In comparison to studies on comprehensive SDM, the subject of intuitive SDM by senior executives has a smaller corpus of study (Fadol & Elbanna, 2016). Senior managers have recently intensified their scholarly efforts to get a deeper grasp of intuitive SDM processes. It can be a "troublesome" decision tool that causes various cognitive biases and does not

provide companies with clear advantages. Heuristics and other less information-intensive methods, such as rule-based reasoning, are frequently mistaken for intuition, heuristics and intuition are related in that heuristics can guide SDM in unfamiliar and uncertain circumstances as basic principles; they are also learned via experience (Akinci & Sadler-Smith, 2019).

#### **2.3.2.4.3 Improvisation**

We define improvisation in the context of SDM as the degree to which a TMT's decision-making process is spontaneous, innovative, and action-oriented. This viewpoint is in line with improvisation's definition of "the purposeful and substantive integration of the concept and execution of a creative creation." As well as "the unfolding idea of action". The extemporaneous component of improvisation is captured by spontaneity, whereas novelty refers to the design or invention of activity outside of established plans and routines (Crossan & Vera, 2004). In fact, one of the key features of all conceptions of improvisation has been a surprise, improvisation is the merging of design and implementation outside of established procedures, not the automated reproduction of current processes, improvisation is a technique that tries to produce something new outside of established practices or planned in the situation of novelty, finally, improvisation is action-oriented, which is a key component in definitions that emphasize the purposeful and intentional aspects of improvisation. A few academics have proposed a connection between both improvisation and SDM (Crossan & Vera, 2005).

Tabesh and Vera (2020) call for a shift away from established paradigms and utilize jazz imagery to depict improvisation as a more realistic approach to decision-making. She emphasizes that, like in jazz, when executives engage in improvisational decision making, they interact extensively with one another in real-time and follow a few very precise principles. It's worth noting that certain decisions defy merely rational thinking and may necessitate more action-oriented decision-making, they distinguish the "doing first" paradigm from the logical "thinking first" one by including improvisation, this implies that, unlike traditional models, the improvised decision-making process provides another option for managers to organize uncertainty, and that it is most useful in quickly changing situations (Vera and Tabesh, 2020).

### 2.3.2.5 Situation Awareness

Additional information does not always indicate a better situation awareness: this now means an information gap (Fertier et al., 2016; Endsley et al., 2003) argues it's the difference between what was predicted from the increasing number of actionable data and the actual improvements in decision quality. Some researchers have previously worked on the three degrees of situation awareness and information systems (projection, perception, comprehension). A decision support system must manage many sorts of information, as outlined in Table 2.2. to reach the three levels of situation awareness. The first column shows the many rows that relate to different types of data the data layer is on the first row, the information layer is on the second row, the knowledge layer is on the third row, and the understanding layer is on the last row (Fertier et al., 2016).

	Definition of the paper	Ackoff (1989) definition
Data (D)	De-contextualised information or bit of information	Properties
Information (I)	Data contextualised to support the users' goals (Endsley 2012; Rowley 2007)	Descriptions (what?, where?, how many?, ...)
Knowledge (K)	Information combined for decision support (Rowley 2007; Bierly, Kessler, and Christensen 2000)	Instructions (how-to?)
Understanding (U)	Information extrapolated to predict near-futures (Bellinger, Castro, and Mills 2004; Rowley 2007)	Explanations (why?)

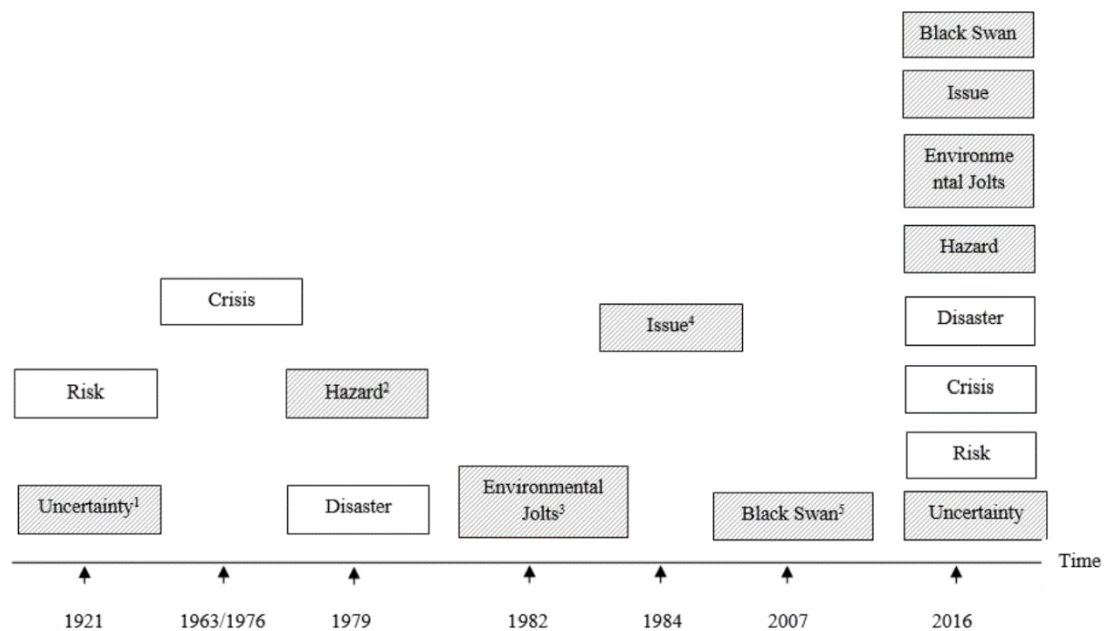
**Table 2.2. Types of Data (Fertier et al., 2016)**

Vargo and Seville (2011) pointed out that managers around the world have begun to pay less attention to forecasting tasks, but to propose long-term and complementary measures to respond to increasing changes". This requires organizations to develop methods to proactively improve them. Knowledge of the scene; In dynamic things, the elements that are needed and those that are not applicable, modification without warning although companies have to effectively establish situational awareness to express medium and long-term strategic recommendations, they face many challenges, but these challenges are even more serious in the rapidly changing crisis environment. Crisis professionals must not only cultivate their awareness of the scene, but the crisis team must also develop a general understanding of the things they come into contact with.

The team’s understanding of the scene requires additional coordination and knowledge-sharing elements.

The methods for challenging the creators of this task organization include:

- 1- Establishing a transparent understanding of the overall role of the cluster and how different team members contribute to the current task between the teams.
- 2- Setting clear roles for the division of team areas, observation participants have completely different parts of the environment, which to a large extent overlaps with market cooperation.
- 3- The development of processes for exchanging and verifying information between various team members, so it is hoped that things can be widely matched and updated by the Individual mental model.



**Figure 2.4: Escalation of event (source: Iftikhar and Müller, 2019)**

Zhou (2018) claimed that, in some circumstances, if the risk is ignored or not adequately handled, it may quickly turn into a crisis and ultimately a disaster (presenting the procedure in relation to this problem in Figure 2.1. As a result, mistakes can quickly

develop from a functional issue to a strategic issue, and eventually to a problem that threatens life.

### **2.3.3 Disaster In MNCs**

A disaster is any predicted or unexpected incident that causes significant harm to humans in terms of life, environment, economy, or quality of life in the present or future (Yi et al., 2010). Furthermore, disasters are destructive and continue to result in human deaths, environmental damage, infrastructure disruption, and economic loss (Iftikhar and Müller, 2019).

Disaster, according to Smith (2013:18), is a "social phenomenon that occurs when a community experiences extraordinary, non-routine levels of disruption and loss". "A situation that overwhelms local capacity, necessitating a request for assistance at the national or international level, or is recognized by a multilateral agency or by at least two sources, such as national, regional, or international assistance groups and the media". According to the definition, man-made and natural disasters are the two types of disasters, man-made disasters can be avoided, but natural disasters are impossible to completely avoid or prevent (Iftikhar and Müller, 2019).

According to Altay and Green (2006), emergency response operations are divided into two stages: prevention and post-event reaction; Pre-event responsibilities involve identifying and analyzing potential threats, as well as establishing mitigation plans. While the tragedy is still unfolding, post-event response begins; The task at this point is to find, allocate, coordinate, and manage available resources. Also, a successful emergency response plan should include both of these stages as part of its goal, they go on to say that dividing pre- and post-loss goals could lead to inferior overall solutions, comprehensive emergency management in the United States is typically stated in terms of four programmatic phases: mitigation, readiness, response, and recovery. The four-phase method encompasses all of the tasks listed in Altay and Green's (2006) classification while also offering a more concentrated view of emergency management activities. Furthermore, the four-phase classification is based on the comprehensive emergency management concept proposed in the emergency preparedness project report of the National Governors' Association in 1978.



**Figure 2.5 Disaster risk management cycle <https://Swww.un-spider.org/risks-and-disasters>**

Mitigation, according to Altay & Green (2006), is the implementation of procedures that will either prevent the onset of a disaster or decrease the consequences if one occurs. Preparation actions prepare the community to respond in the event of a disaster. The reaction entails the use of resources and emergency procedures as directed by plans in order to protect people, property, the environment, and the community's social, economic, and political structure, recovery refers to the long-term activities needed to stabilize the community and restore some semblance of normalcy after the immediate impact of the disaster has passed.

#### **2.4 Importance of Enterprise Risk Management (ERM)**

During the last decade and as a result of the 2008 world monetary crisis, enterprise risk management (ERM) gained additional attention from the financial services sector particularly banks and insurance firms. In addition, several companies had adopted practices dedicated to ERM and consulting corporations began to establish departments specialized in ERM. Meanwhile, universities have developed specializations involving ERM (Shahin & Alhadidi, 2017). Business organizations are



accustomed apply ancient ways in which to perform for the aim of increasing profitability, values, and sales. However, business organizations have presently accomplished the importance of environmental and business performance as a result of community pressure and governmental rules (Ilyas et al., 2020; Memon et al., 2020). Consequently, several ways are introduced to attain fascinating environmental, monetary, and business performance specifically stylish technology (Chege & Wang 2020; Singh et al., 2019), financial resources (Khattak, 2020; Memon et al., 2020), intellectual capital (Demartini & Beretta, 2020). Entrepreneurial orientation (Amankwah-Amoah et al., 2019). Info management (Kmieciak & Michna, 2018; Roxas & Chadee, 2016), and enterprise risk management (ERM) (Brustbauer, 2016; Shad et al., 2019). All of that are found to be relevant and equally necessary but the ERM especially has become a key predictor of performance in monetary institutions as a result of their persistently engaged inside the reduction of economic loss and risk (Rasid et al., 2014). There are restricted studies applied to develop an extra profound understanding of and once risk management is also incorporated into a company business model innovation (BMI) technique (Maruhun et al., 2018).

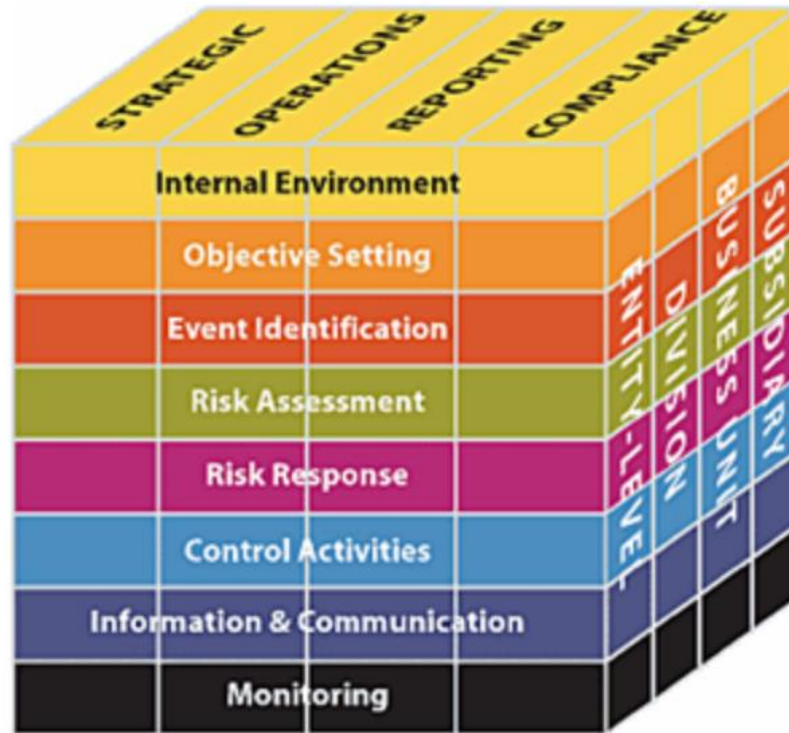
**Risk** is defined as the combination of the likelihood of a specific event and the consequences of the event. The risks or threats of success lead to potential specific opportunities or benefits (Berg, 2010). Risks are inherent in all company activities, but the development of risk management enables companies to manage these risks.

**Risk management** attempts to find the right balance between taking advantage of winning opportunities and minimizing losses (Rasid, et al., 2014).

**Risk management** is a critical procedure in banks and a variety of other businesses. Audit firms' engagement in the risk management process of corporations and other organizations has risen dramatically in recent years (Castanheira et al., 2010).

Directors and senior managers are largely responsible for risk management. Internal auditors, on the flip side, play a role in risk management consulting and assurance (Stewart & Subramanian, 2010). Internal auditing's importance is likely to grow in the future Burnaby & Huss (2009:3). Internal audits must integrate risk management approaches because the changes in the organization's systems and processes are too substantial for internal audits that are traditionally based on compliance to uncover (Spira & Page, 2003). As an outcome, the central audit department must fully comprehend its function in the risk management process.

Abdolmohammadi (2009) shows how internal auditors may play a variety of functions in risk management. It separates these tasks into three categories: those that internal auditors should do, those that auditors can undertake under specific situations, and those that internal auditors should avoid since they impair their internal audit function, the guarantee is the most important function. Risk management's adequacy and effectiveness assessment and supply of risk management systems, as well as the accuracy of risk assessments, are examples of fundamental tasks. Advice to management on risk management concerns is one of the most important security measures to maintain independence and objectivity. Enterprise risk management (ERM) is a novel replacement for traditional risk management, which is based on independent risk management for different business units. It's also known as "corporate risk management", "comprehensive risk management", "strategic risk management", "business risk management", and "integrated risk management" (D'Arcy, 2001). The key difference between corporate risk management and traditional risk management based on departmental risk management is that organizations may improve the value and return for stakeholders by decreasing risk by working within the corporate risk management framework (Daud et al., 2010). It's also a crucial component of today's management (Azizan & Samad 2011). An Enterprise resource planning (ERP) may also be characterized as an integrated system that allows for a single, continuous, and consistent information flow for the entire organization under a single database (Oliveira & Silva, 2015). Enterprise risk management is a holistic approach to risk management. It contrasts with traditional risk management, in which risks are addressed individually by category or by the corporate department in which they occur. ERM strives to match the board of directors' strategic objectives with day-to-day operations. One unique feature is that "risk" is viewed not only from a negative standpoint but also as a potential source of competitive advantage (Giorgino & Monda, 2013). ERM is comprised of eight components, which are the internal environment (internal environmental, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring) ([shorturl.at/rwACX](http://shorturl.at/rwACX)).



**Figure 2.6 The ERM model ([shorturl.at/rwACX](http://shorturl.at/rwACX))**

The method aims to help businesses recognize, evaluate, and act on all of their risks in order to maximize the likelihood of success while minimizing the likelihood of failure Hopkin (2018:46). Because of the fast speed of change in business, this risk management approach must be dynamic and assessed on a frequent basis Merna & Al-Thani (2008:2).

In a word, enterprise risk management (ERM) refers to the methods and processes that businesses employ to manage risks and seize opportunities in order to achieve their objectives. In fact, ERM satisfies the needs of a wide range of stakeholders who wish to identify a wide range of risks that the firm confronts and ensure that they are properly handled (Shahin & Alhadidi, 2017).

## **2.5 ERM Practices:**

With the fast changes in the current corporate environment, the need for ERM procedures is growing more than ever Yilmaz & Flouris (2017:34). It is critical to understand the drivers and role of good ERM practices in organizational performance in order to create and implement strong ERM practices for business environments. ERM procedures that are effective can have a significant impact on performance in a variety of ways. Some of the benefits of good ERM procedures are operational cost reduction, effective exploitation of organizational assets, financial fraud control, and efficient information management (Sharma et al., 2020).

Because it is hard to forecast the future, strategy is always important for the firm, according to the management study guide, organizations can be prepared to overcome the uncertain events that arise in the business environment thanks to careful forecasting. Rather than short-term choices and regular operations, strategy is linked to long-term planning and development Yilmaz & Flouris (2017:89).

Furthermore, the competitive benefits that result from applying effective ERM procedures enable businesses to better manage their financial and business risks and, as a result, enhance their overall performance (Florio & Leoni, 2017). As a result, businesses that have effective ERM procedures outperform the competition. As a result, managers are strongly encouraged and compelled to employ effective ERM procedures in order to improve their company's performance (Sharma et al., 2020).

Companies are recognizing it vital to establish some sort of business risk management strategy as business hazards continue to rise. An effective enterprise risk management (ERM) program may assist businesses in managing risks while also maximizing opportunities. Enhancing risk analysis programs has yielded a range of benefits for companies in a variety of industries, both governmental and non – governmental (<https://www.claconnect.com/resources/articles/five-benefits-of-enterprise-risk-management>):

### **1. The establishment of a more risk-aware culture inside the company organizations**

That have chosen to adopt ERM has discovered that emphasizing risk at the top leads to increased risk discussion at all levels. Risk can be discussed more freely as a result of this cultural shift and risk management silos can be torn down. Risk talks become a routine part of the wider strategic business activities, and operational divisions

usually find that addressing risk in a more formal manner helps them manage their region of the organization.

## **2. Risk Reporting That Is Standardized**

ERM facilitates better risk structure, reporting, and analysis. Leadership can better understand the most crucial risk areas thanks to the variety of data available. Increased conciseness, flexibility, and timeliness of risk data are some of the major benefits of ERM risk reporting. This gives executive and director-level management, as well as many other levels of management, information to help them make better decisions.

## **3. Enhanced Risk Concentration and Perspective**

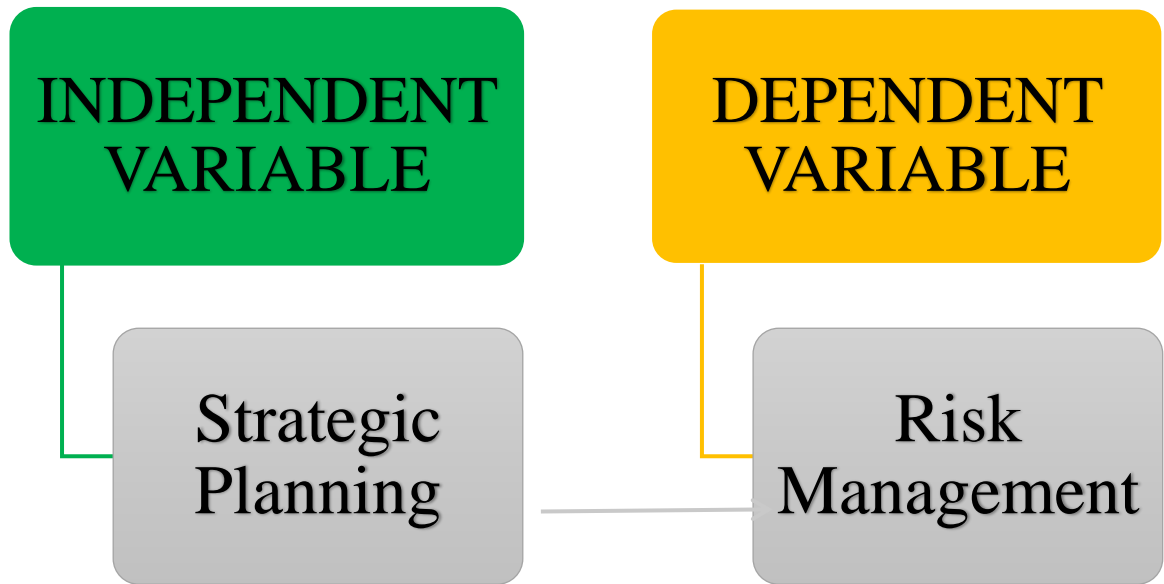
ERM creates leading indicators to aid in the detection of a potential risk event and provide an early warning. Key risk metrics and measurements improve risk reporting and analysis by allowing businesses to detect potential changes in risk vulnerability or probabilities, perhaps alerting them to changes in their risk profile. ERM also makes it possible to have a more complete view of risk. Risk reduction, acceptance, or avoidance are all common risk management strategies. Effective ERM procedures, on the other hand, give management a framework for analyzing risk as a way to improve competitive positions and capitalize on unique market and operational circumstances.

## **4. Effective Utilization of Resources**

Many people may be involved in reporting and monitoring risk across operational units in organizations that do not use ERM. While a Project will not eliminate the need for day-to-day risk management, it will change the efficacy and tools used to consistently carry out critical risk management operations. Eliminating copy processes increases efficiency by allocating the appropriate amount of resources to risk mitigation.

## **5. Handling of Regulatory Requirements Issues That Are Successful:**

Bond-rating agencies, financial statement auditors, and regulatory examiners have begun to enquire about, test, and utilize data from ERM processes for monitoring and reporting. Because ERM data includes identifying and monitoring controls and mitigation activities throughout the company, this information can assist in reducing the work and expense of such audits and reviews.



**Figure 2.7 Research Framework**

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Philosophy**

The research technique and research design are presented and explained in this chapter to illustrate how the study will test research hypotheses and attain research objectives, the sample selection for data collection, sample size determination, data collecting methodology, questionnaire design, and experimental methodologies utilized in this study are all covered in this chapter. Consequently, the purpose of this study was to gather public feedback in order to establish the most prevalent dangers encountered by multinational corporations in Jordan. In addition, the study looks at the amount of public knowledge or information about strategic planning in firms, in order to develop programs about the significance of strategic planning in organizations and its influence on the company's long-term viability, a survey will be given to members of the public from different backgrounds to get a range of viewpoints.

In this study, the survey technique was employed, and the surveys were graded on a five-point scale, the respondents were administrative personnel from multinational corporations in Jordan, and 372 surveys were gathered, the researchers used random sampling, the information gathered from respondents is encrypted, tabulated, and analyzed using mean and statistical technique. The questionnaire approach was chosen for its versatility, rapidity, low cost, advantages, and data collection. It was collected and processed using the statistical packages for social sciences (SPSS) tool to explore relationships and obtain results.

#### **3.2 Research Approach**

Because of the nature of the research subject, this study takes a deductive method, the study's goal is to address "how" and "what" questions, which necessitates a research strategy, allowing the researcher to establish a set of hypotheses at the start of the investigation. Then, relevant research procedures are chosen and employed to test the hypotheses related to risk reduction in the context of strategic planning in order to verify whether they are correct or incorrect, the inductive technique helps the researcher have a sense of the study setting in order to answer the research questions. To put it another way, the researcher can use the deductive technique to engage with the data and learn

how practitioners manage risk during the strategic planning process, the preceding discussion also meets the deductive approach's requirements, another reason is that quantitative research is closely connected with the deductive method. As a result, the deductive technique is chosen based on the research topic as well as the research philosophy.

### **3.3 Research Design**

The study design is an important aspect of research since it specifies when, how, and where data should be collected, thereby encompassing the location, time, and technique of data collecting, there are a variety of research designs accessible, and the design chosen will depend on the study aims, such as exploratory, descriptive, or causal research, understanding the critical problems that support the problem is aided by the exploratory research design, thus this research strategy is used to investigate the problem we've discovered, analyze options, and consider new study ideas (Mohammed, 2017). If the goal is to determine or describe the variables and their features, their descriptive design is the best option. This strategy is commonly used in enterprises to better understand employee characteristics such as age, education level, employment level, marital status, work experience, and so on (Sekaran & Bougie, 2003).

### **3.4 Sample Design And Sampling Method**

In order to obtain reliable and good results in the analysis, it is necessary to consider the appropriate sample size.

#### **3.4.1 Sampling**

The statistical process of picking a subset (referred to as a "sample") of the population of interest is known as sampling. Because the population is the center of the population research, it is vital to properly identify the study population in order to make statistical observations and conclusions about it (Bhattacharjee et al., 2017). The descriptive approach of this study poses a hurdle because obtaining a list of all respondents is not impossible. The original data received from the questionnaire was used in this study. To achieve a fair sampling procedure, data collecting is essential, In this research, a heterogeneous purposeful sampling method is used for sample selection. This method is a type of probability sampling. The purpose of choosing this type of



sampling method is to Examine a wide range of cases all of which are related to the same phenomena or event, by analyzing the data collected. This method of sampling is referred to as quota sampling, also because in this type of sampling the participants are required to answer a set of questions related to all aspects of the study (Mangal, 2019). As a result, the researcher in this study attempted to select an educated sample to make it easier for respondents to judge the level of importance and knowledge of strategic planning, as well as to make judgments about strategic planning and its effectiveness in ensuring company continuity and providing high data reliability. Next, figure out who you want to reach out to the most. The research questions, as well as the study's objectives and goals. The deciding factor in deciding on a sampling approach (Abu-Arja, 2019). Based on the thesis's major goal of determining the effect of strategic planning in lowering the risks faced by multinational corporations in Jordan, the following is presented, to do this search, the population is designated as international enterprises active at the period. Variables such as risk reduction and strategy planning in the research were taken into consideration in order to recruit questionnaire participants. As a result, it was decided that possible participants would come from a professional background in Jordanian multinational firms, ranging from owners, managers, risk managers, chief financial officers, and human resources managers.

### **3.4.2 Sampling Size**

In this regard, another examination was carried out by searching The Ministry of Industry Trade and Supply files and the data available on the Internet. This check yielded the number of firms established by the ministry till March 2022, which totaled 95,115. According to, Singh (2007) and Bryman, Bell (2011), the simplest sampling methodology is 160 simples at random sampling, although probability sampling is the most commonly used. The researcher is supposed to characterize the sample, design the sample set up on a variety of basis that suit the research goals or questions, and then determine on the sample size using this sampling approach. Following that, the units in the sample structure are assigned single sample numbers as identifiers, and a random collection is done to create a random sample in accordance with a predetermined sample size (Saunders et al. 2009; Bryman & Bell, 2011). To clarify, the number of enterprises registered in the Ministry of Industry Trade and Supply totaled 95,115, of which 18,957 come under the sample framework and meet the sampling framework's parameters.

Moreover, the sample size for this study has been set at 372 firms that will be addressed for data gathering reasons. Using Microsoft Excel's random picker tool, all 18,957 organizations were assigned case numbers, and 372 were chosen at random to be phoned.

### **3.5 Data Collection Method**

As previously stated, this research used both primary and secondary data, to begin, secondary data is employed to support these research aims, and the study also gathered secondary data from a large amount of other relevant strategic planning studies. Second primary data was acquired via a survey questionnaire, as previously mentioned. The public was given copies of the questionnaire, and the replies from the gathered surveys served as the primary data for achieving the research goals (Mangal, 2019). In this study, a survey was undertaken to determine the amount of senior management understanding of strategic planning.

#### **3.5.1 Data Collection Instrument**

The survey data collecting approach was considered suitable for answering the research objectives and questions in the preceding section. However, in this study examination, it is vital to decide which sort of survey is most appropriate and lowest subject to inaccuracy. In this scenario it was decided to employ a self-administered e-mail survey, which would be sent directly to the sample's managers at Jordanian multinational corporations. This decision was made for a variety of reasons, one of which (Dillman et al., 2011) stated that using e-mail as the chosen method of interaction between researchers and their target sample, reactions from a large number of respondents can be collected in a shorter timeframe than traditional mail or the phone (Abu-Arja, 2019). It is also cost-effective because emails or web surveys may be put up for free or at a modest cost (Nielsen and Pedersen, 2016).

However, answers to e-mail questionnaires may be lower than predicted. As a result, the questionnaire itself must be constructed in an appealing, appealing style, while the questions must be kept brief, straightforward, and error-free to allow for a seamless response process by the target population (Dillman et al., 2011). This part will go through the questionnaire design, the translation procedure, and the instrument's validity and reliability testing.

### **3.6 Questionnaire Design**

This section discusses the design of the survey questionnaire, the data collecting instrument used in this thesis. The questions were created with the goal of obtaining the study objectives in mind, and they match to the research questions stated in Chapter 1. The design incorporates questions concerning the variables found in the literature review and assists in identifying causal links between those variables as specified in the conceptual framework. On the opening page of the questionnaire, there is a full cover letter explaining the main purpose of this research, as well as the research questions and objectives. The goals of this study are explained to the respondents. Cover letters according to Dillman et al., (2011), are advantageous because they provide a pretty obvious overview of the research design and the researcher(s), enabling for a better response percentage by minimizing misconceptions and confusion about the objective of this study or even the professional and academic organization conducting the study. Furthermore, after a brief description of the research's objectives in the cover letter, participants may obtain the questions, which are divided into three sections. In the first section, respondents are asked to provide basic information about their organization. The fundamental information contains questions about risk determination (which risk categories are examined) and the company's age (based on the year of registration with the Amman Chamber of Commerce). According to Dillman et al., (2011) cover letters are advantageous because they provide a clear introduction to the study and the researcher(s), enabling for a better response percentage by reducing misconceptions and uncertainty about the research objective or the professional and academic organization conducting the study. Furthermore, after a brief description of the research's objectives in the cover letter, participants may obtain the questions, which are divided into three sections. In the first section, respondents are asked to provide basic company information. The basic information includes questions concerning risk determination (based on which risk categories they are assessed) and the firm's age (based on the year of registration with the Amman Chamber of Commerce in Jordan).

Further questions in this section about the participant's position and industry will be used to evaluate the usefulness of the response. For example, since multinational firms are the unit of study, responses from senior managers or judgment are necessary

in this context; hence, the participant's status will influence whether certain completed surveys are accepted or not (see appendix1).

It is vital to clarify the use of a five point likert scale in sections 2 and 3 of the survey at this stage. Furthermore, Marton-Williams (1986) argued that respondents are better able to express themselves using a five - point scale than a 7-point or a 9-point scale. As an outcome, and in sight of this, a five - point likert scale would be widely employed throughout this thesis' questionnaire survey.

In the next section of the survey, respondents are asked to rate their likelihood of applying the scope of response risk management information suggested by the research supplied in the research conceptual chapter (section 2). In this section, the dependent variable risk reduction is summarized through a number of pieces that define and explain each variable. Each item is scored on a Likert scale of 1 to 5, with 1 indicating "Strongly Disagree" and 5 indicating "Strongly Agree." Moreover, because the questions in this part are the dependent variables in this study, the completed responses will be used in Chapter 4 for the regression analysis to analyze the relationship between these dependent factors and the independent variables.

Moreover, the survey questionnaire's last portion is (Section 3). Participants were required to rate the implementation of strategic planning in the company they work for on a scale from 1 to 5, where 1 is “Strongly Disagree” and 5 is “Strongly Agree”. Through this, the relationship between strategic planning and risk prevention and risk reduction is examined throughout the entire thesis.

### **3.7 Data Collection Process**

As we discussed in the sample technique section, the researcher picked a deliberate sampling approach based on the study objectives. As mentioned in the study's goals, the Hashemite Kingdom of Jordan was chosen to determine the level of relevance of strategic planning. During the data gathering procedure, we faced several hurdles, including the worldwide pandemic. Covid-19. Tasks were dispersed in two ways: via social media and through the employment of a group of persons. First, the poll was conducted using *Google Forms*, and URLs were given to anyone who had access to social media or the Internet. The second way of data collecting is to enlist the help of some acquaintances who have previously worked for a global corporation to fill out questionnaires. The dissemination of almost 558 surveys took 93 days to complete

(December 27<sup>th</sup>, 2021 to March 20<sup>th</sup>, 2022). 186 questionnaires from the firms were not returned within the time frame, resulting in a total of 372 questionnaires being returned.

### **3.8 Chapter Summary**

The methodology for the study and the research framework for achieving the research objectives were discussed in this chapter. Furthermore, this chapter is a key element of the research, and one hypothesis was evaluated and created in order to meet the study's objectives. The questionnaire was accepted and circulated to different levels of multinational corporations in Jordan with the purpose of collecting data at random. In addition, the questionnaire includes demographic questions. Statistical tools such as cross-analysis and regression were also utilized to examine the data in accordance with the goals.

## **CHAPTER 4**

### **FINDINGS AND DISCUSSION**

#### **4.1 Overview Of The Chapter**

This chapter presents the results of the study. the findings are presented guided by objectives. the response rate was 67.8% since only 372 out of 558 questionnaires administered were returned and used in the analysis. The results of the data analysis that was conducted on the role of strategic planning in risk reduction in multinational companies (MNCs) in Jordan, with risk reduction as the dependent variable, and strategic planning as an independent variable. Data were collected from respondents operating in Jordan. The data were gathered based on the constructs in the questionnaires that reflected the research questions and associated research hypotheses. The proposed research model was tested using multivariate statistical techniques. This chapter is organized into several sub-sections containing an overview, results of demographic analysis, data reliability test, correlation analysis, normality test, descriptive statistics, KMO and Bartlett's test, linear regression statistic.

#### **4.2 Demographic Characteristics Of Respondents**

This chapter examines the data gathered and summarizes the study's findings. The analysis of this study is divided into two parts. The first section examines the respondents' demographic profile, while the second section concentrates on the study questions. They are in charge of the corporate risk department, which certifies the validity of the study's findings and has an impact on the study's goal. The second portion of the questionnaire has 21 items, which were analyzed, there were ten questions on the first variable and eleven questions about the second variable. the same goal Finally, the data is fine-tuned to ensure its accuracy. The descriptive analysis of the twenty-one questions was done in order to meet the study's objectives, and then multiple regression was done in this chapter.

#### 4.2.1 When did your firm register at Jordan’s Chamber of Commerce?

When did your firm register at Jordan’s Chamber of Commerce?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 years	26	7.0	7.0	7.0
	2-5 years	150	40.3	40.3	47.3
	5-10 years	173	46.5	46.5	93.8
	More than 10 years	23	6.2	6.2	100.0
	Total	372	100.0	100.0	

Table 4.1: Firm age

According to the pre-tests and the outliers check, 372 answers have been included in the univariate analysis. In this regard, and based on the 372 replies, 26 enterprises were classified as tiny, accounting for 7.0 percent of the sample, indicating that they had been in operation for less than two years when they were approached for participation in the survey. Furthermore, 150 enterprises, accounting for 40.3 percent of the sample, were classified as young, indicating that they had been in operation for 2 to 5 years previous to being approached for participation in the study. Furthermore, 173 organizations, or 46.5 percent of the sample, were classified as Mature because they had been in operation for 5 to 10 years previous to being contacted in the data gathering procedure. Furthermore, 23 businesses were classified as ancient, accounting for 6.2 percent of the sample, indicating that they had been established for more than ten years before to being solicited for participation in the study.

#### 4.2.2 What is the position you hold in your firm?

What is the position you hold in your firm?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	11	3.0	3.0	3.0
	Manager	52	14.0	14.0	16.9
	Risk manager	118	31.7	31.7	48.7
	Chief Financial Officer	75	20.2	20.2	68.8
	Human resources manager	116	31.2	31.2	100.0
	Total	372	100.0	100.0	

Table 4.2: Position of respondent

As stated in Chapter 3, Section 3.5.1, it was critical to confirm the respondent's function and if it had any administrative duties inside their business. This was critical since the many types and subtypes of strategic responses contained in the survey and over which the heart of this research is formed required the knowledge of employees who are anticipated to encounter such exercises and methods while executing their jobs. Furthermore, inside expertise of a firm's plans necessitates engagement in managerial roles, particularly when it is assumed that stakeholder demands drive strategy execution. However, it was judged necessary to do a consistency check to guarantee that the sample included replies from employees of the top level management in every particular organization or other members with directorial and managerial parts. Consequently, dependent on the 372 answers, 11 cases were finished by Owners of the responding companies, representing 3.0% of the whole sample. Moreover, 52 cases were completed by Managers, constituting 14.0% of the overall sample. Furthermore, 118 cases were finished by the Risk Manager of the responding companies, constituting 31.7% of the whole sample. Moreover, 75 cases were finished by the Chief Financial Officer of responding companies, representing 20.2% of the overall sample. Additionally, 116 cases were completed by Human Resources Manager, constituting 31.2% of the overall sample.



### 4.2.3 Industry

<b>Does your company operate in any of the following industries? (Please select one of the following)</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Automobiles and parts	26	7.0	7.0	7.0
	Construction and materials	61	16.4	16.4	23.4
	Healthcare	59	15.9	15.9	39.2
	Oil and gas	9	2.4	2.4	41.7
	Media	76	20.4	20.4	62.1
	Industrial goods	29	7.8	7.8	69.9
	Banks and financial services	14	3.8	3.8	73.7
	Technology	86	23.1	23.1	96.8
	Telecommunications	12	3.2	3.2	100.0
	Total	372	100.0	100.0	

Table 4.3: Company's industries

The questionnaire's general information section featured a variety of questions about the firm's features (Section 3.6). The industry in which the business operated was one of the major questions used to group the answers. According to the clustering of industries, a number of sectors were identified as choices in this respect Abu-Arja, (2019). In terms of their professional positions, the frequency and percentage distributions of the target population were as follows:

In terms of their professional positions, the frequency and percentage distributions of the target population were as follows: 26 firms of Automobiles and parts constitute 7.0% of all population, 61 firms of Construction and materials 16.4% of the total, 59 firms of Healthcare constitute 15.9% of the target population, 9 firms of Oil and gas constitute 2.4% of the total, 76 firms of Media represent 20.4% of all population, and 29 of the firm in Industrial goods constitute 7.8% of the total target population of the survey, 14 firms in Banks and financial services constitute 3.8% of the total, 86 firms

in Technology represent 23.1% of all population, and 12 firms in Telecommunications constitute 3.2% of the total target population of the survey.

#### 4.2.4 Who is responsible for the risk management process in your enterprise?

Who is responsible for the risk management process in your enterprise?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Controlling function	164	44.1	44.1	44.1
	Designated risk manager	57	15.3	15.3	59.4
	Internal audit	60	16.1	16.1	75.5
	Staff of business units	47	12.6	12.6	88.2
	Chief financial officer	30	8.1	8.1	96.2
	Head of accounting function	14	3.8	3.8	100.0
	Total	372	100.0	100.0	

Table 4.4: Responsible for the risk reduction

Table 4.4 presents the frequencies and percentage distributions responsible for the risk reduction in the target population as follows: 164 firms have a Control function that is responsible for risks constituting 44.1% of the total target population, 57 firms where risk is determined by a Designated risk manager to represent 15.3% of the target population, Internal audit is responsible for risks in 60 firm, represent 16.1% of the target population, 47 firm in which the Business unit staff is responsible for risks with a rate of 12.6% of the total target population, 30 firm where the Chief financial officer is responsible for risks and constitute 8.1% of the total target population, and the Head of the accounting function is responsible for risks in 14 firm, which constitutes 3.8% of the total target population of the survey.

#### 4.2.5 In which risk categories do you evaluate risks?

In which risk categories do you evaluate risks?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strategic risks	17	4.6	4.6	4.6
	Market risks	143	38.4	38.4	43.0
	Legal risks	17	4.6	4.6	47.6
	Business process risks	83	22.3	22.3	69.9
	Other risks	112	30.1	30.1	100.0
	Total	372	100.0	100.0	

Table 4.5: risk categories

In addition, Table 4.5 indicates that 4.6% of the 17 respondents rate the risks in the Strategic risk category, while the largest proportion of the participants are from 143 firms and 38.4% of the total respondents rate the risks as Market risks, they evaluate the risks in the category of Legal risks and those were 17 firms, representing 4.6% of the respondents. These statistics confirm that the majority of respondents were from companies assessing risks in the Market risk category. The respondents who evaluate the risks as the risks of Business process risks constitute 22.3% of the 83 firms, and those who rate the risks in the Other risk category constitute a large percentage as they were 30.1% with 112 firms of the respondents.

### 4.3 Findings And Discussion

#### 4.3.1 Reliability Test

#### 4.3.2 Cronbach's Alpha Test

The 372-survey data were used to conduct an analysis to establish the instrument's reliability. The internal consistency of the items was used to assess the survey's reliability using Cronbach's Alpha coefficient. Cronbach's alpha coefficient values should be in the range of 0 to 1, with scores of .60 to .69 regarded acceptable, scores of .70 to .79 considered good, and scores of .80 to .90 or higher considered outstanding (Davis, 2009).

<b>Reliability Statistic</b>			
Variables	Chronbach's Alpha	N of Item	Interpretation
Risk Reduction	.819	10	Good
Strategic Planning	.831	11	Good
Total	.832	21	Good

Table 4.6: Cronbach's Alpha Test All Variables

Cronbach's alpha tests of reliability are presented in table 4.6 Cronbach's Alpha Tests of Reliability Table 4.6 presents descriptive statistics for two variables used in the study along with Cronbach's alpha measure of the reliability of the scale. Strategic Planning and Risk Reduction variables indicate high reliability (alpha = 0.832).

<b>Reliability Statistic</b>		
Chronbach's Alpha	N of Item	Interpretation
.819	10	Good

Table 4.7: Cronbach's Alpha Test Risk Reduction

Using SPSS 26, the researcher calculated reliability scores for each of the variables individually. The dependent variable of 10 questions. The scale had a high level of internal consistency, as indicated by a Cronbach's alpha of .819. Table 4.7 shows the scores for this dependent variable. coefficient of 0.819. This presented a level of validity and reliability to presume the sufficiency of the second-order composite model for the purposes of this study.

<b>Reliability Statistic</b>		
Chronbach's Alpha	N of Item	Interpretation
.831	11	Good

Table 4.8: Cronbach's Alpha Test Strategic Planning

The reliability of the survey was tested based on the consistency of the number of participants' responses to the survey questions comprising each construct. represented reliability of the survey instrument using Cronbach's alpha reliability coefficients. Independent variables were tested resulting in Cronbach's alpha reliability constituting 0.831, which indicates accepted reliability.

### 4.3.3 Correlation Results

The two research topics for this study were answered using quantitative analysis. To establish the degree and direction of the association between dispersed strategic planning and risk reduction, the Pearson correlation coefficient was performed. The correlation coefficients (r) have values ranging from -1.00 to +1.00, with .00 indicating no association, +.20 indicating a weak correlation, +.50 indicating a moderate correlation, +.80 indicating high correlations, and + 1.00 indicating a perfect correlation (Davis, 2009), (see Table 4.9).

CORRELATION			
		Risk Management	Strategic Planning
Risk Management	Pearson Correlation	1	.872**
	Sig. (2-tailed)		.000
	N	372	372
Strategic Planning	Pearson Correlation	.872**	1
	Sig. (2-tailed)	.000	
	N	372	372

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

Table 4.9: Correlation Results

The Pearson correlation matrix depicts the inter-related correlation of each variable; this correlation is defined by the correlation coefficient "r," which ranges from - 1 to 1 in value (Mangal, 2019). Furthermore, when the 'r' is close to 1, it denotes a close link between two variables, whilst positive (+) and negative (-) marks denote whether variables are positively or negatively correlated. All variables, whether independent or dependent, exhibit a positive association, according to table 4.9. The correlation

coefficient ranges from 0.872 to 0.872, indicating that all variables are closely associated at the 0.01 level.

#### 4.3.5 Normality Tests

A variety of statistical tests may be used to determine the normality of variables. Testing such as the Shapiro-Wilks and the Kolmogorov-Smirnov give an evaluation of the presumption of normalcy, according to Abu-Arja (2019).

Tests of Normality						
Kolmogorov-Smirnov <sup>a</sup>				Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
RISK REDUCTION	.031	372	.200*	.994	372	.196

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction.

Table 4.10: Test of normality

The Kolmogorov-Smirnov and Shapiro-Wilk tests were used to examine the departure of variable distribution from the normal distribution in this thesis. They will be implemented using SPSS to estimate the deviation of variable distribution from the normal distribution. Whenever the normalcy parameters of (Table 4.10) were analyzed, the study of the risk reduction data revealed that ( $P > 0.05$ ) had a normal distribution.

#### 4.3.6 Histogram Graph Results

Graphical and statistical analyses were used to conduct the normalcy test. The histogram graph was used to do graph analysis. The regression model is said to be normally distributed based on the findings of the histogram chart analysis. The histogram graph demonstrates that there is no evident positive or negative skewness.

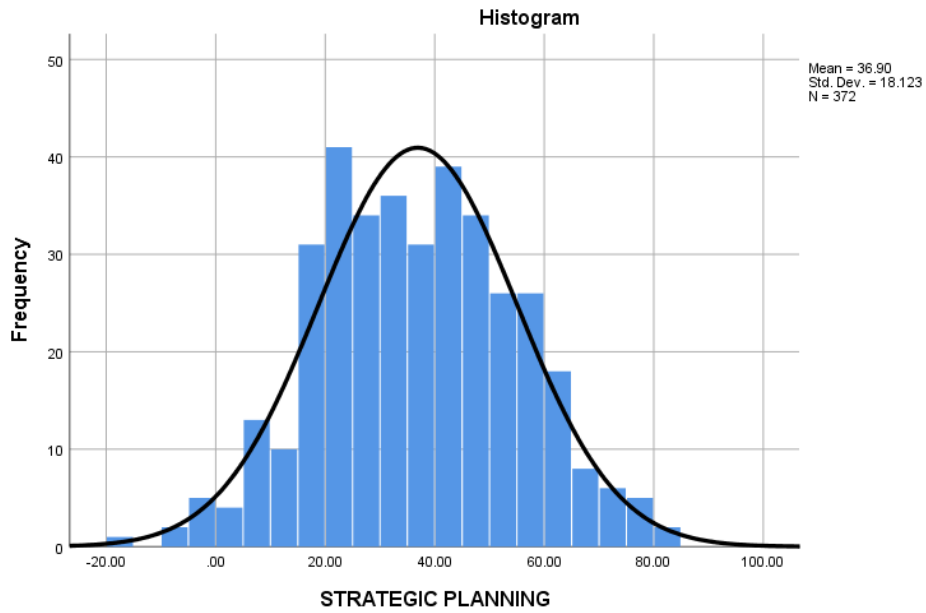


Figure 5.1 indicates that the data for the indicator strategic planning is normally distributed, with no extreme skewness that might impact the outcome.

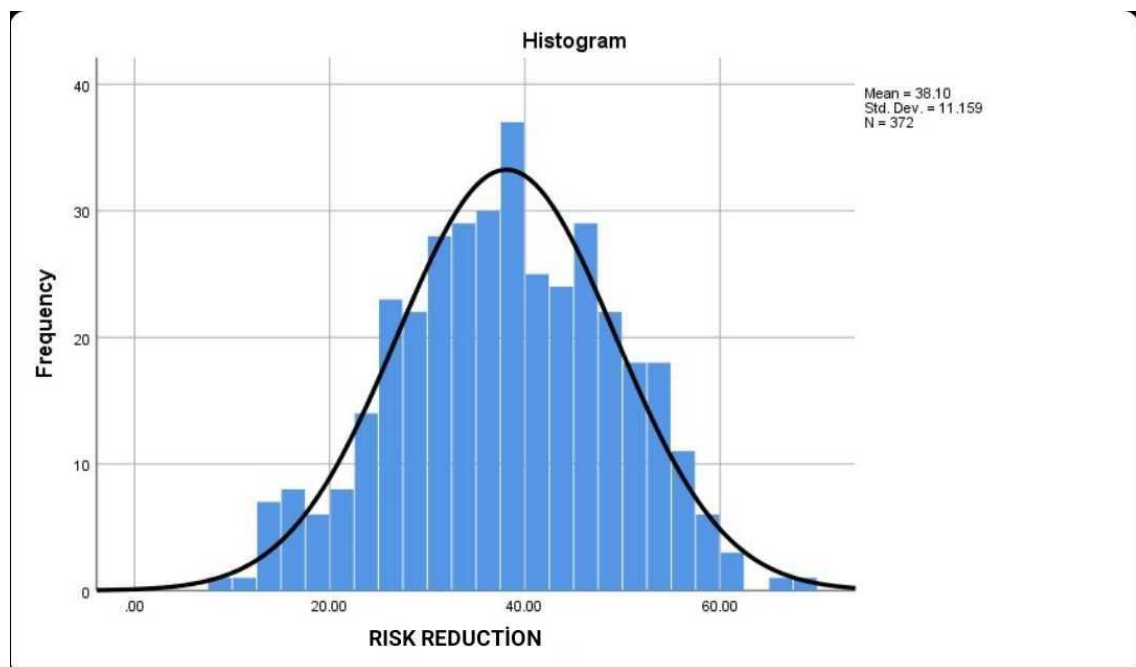


Figure 5.2 presents that most of the data is normally distributed, with no evident positive or negative skewness.

### 4.3.7 Descriptive Statistics

This study's descriptive statistics involved determining the lowest, maximum, standard deviation, and mean for all indicators. Strategic Planning's Role in Risk Reduction in Multinational Corporations the minimum and maximum numbers indicate that respondents offered replies that encompassed the whole range of possible responses in the conducted survey, while the mean and standard deviation results provide an overview of the overall response.

Descriptive Statistics					
	N Statistic	Mean Statistic	Std. Deviation Statistic	Maximum	Minimum
Q1	372	3.70	1.221	5	1
Q2	372	3.80	1.185	5	1
Q3	372	3.77	1.169	5	1
Q4	372	3.71	1.336	5	1
Q5	372	3.85	1.263	5	1
Q6	372	3.87	1.275	5	1
Q7	372	3.84	1.314	5	1
Q8	372	3.71	1.234	5	1
Q9	372	3.95	1.163	5	1
Q10	372	4.10	.903	5	1
Valid N (listwise)	372				

Table 4:11 Descriptive Statistic (Risk Reduction)

The mean for the first variable (Risk Reduction) varied from 4.70 (There is a shared awareness of risk reduction throughout the organization) to 4.10 (Your company's reaction to evaluated risks important risk treatments when resource restrictions on risk treatment execution). Further examination of the Standard Deviation Statistic for each of the variables revealed that the Standard Deviation for ten indicators was roughly (11.15933).



Descriptive Statistics					
	N Statistic	Mean Statistic	Std. Deviation Statistic	Maximum	Minimum
Q11	372	4.12	.944	5	1
Q12	372	4.12	.939	5	1
Q13	372	4.11	.944	5	1
Q14	372	4.16	.925	5	1
Q15	372	4.02	.974	5	1
Q16	372	4.19	.929	5	1
Q17	372	4.14	.901	5	1
Q18	372	4.15	.927	5	1
Q19	372	4.18	.988	5	1
Q20	372	4.14	.903	5	1
Q21	372	4.06	1.008	5	1
Valid N (listwise)	372				

Table 4:12 Descriptive Statistic (Strategic Planning)

The mean for the second variable (strategic planning) ranges from 4.02 (multinational corporations implement their defined plans) to 4.19. (The multinational companies comply with government statutory regulation with ease). With a Standard Deviation about for 11 indications (18.12340).

#### 4.3.7 KMO And Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.500
Bartlett's Test of Sphericity	Approx. Chi-Square	28.353
	df.	1
	Sig.	.000

Table 4:13 KMO and Bartlett's Test

The Kaiser-Meyer-Olkin (KMO) method is used to assess the appropriateness of the sample variance and offers an index of the variables fraction that may have the same variances. The KMO index ranges from 0 to 1, and sample adequacy less than 0.5 is unlikely to be relevant for factor analysis. The sample size of 372 firms in this study has high sampling adequacy and is judged adequate for factor analysis. For component analysis to be appropriate, Bartlett's test of sphericity must be significant ( $p < 0.05$ )

(Dastane & Fazlin, 2017), and Bartlett's Test for this study is (1) and regarded acceptable.

#### 4.3.6 Linear Regression Statistic

The final stage is that the researcher needed to establish the link and relation between strategic planning and risk reduction. the researcher adopted a linear model.

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.872 <sup>a</sup>	.760	.703	10.75380

a. Predictors: (Constant), ROLE OF STRATEGIC PLANNING

b. Dependent Variable: RISK REDUCTION

Table 4.14: Model Summary

In the model summary table above, R-square is .760, meaning .76% of the variation from the dependent (risk reduction) can be explained by variation in the independent variables (strategic planning). The remaining .240% can be explained by other factors that are not in the model. With these results, it can be concluded that strategic planning has strong predictive powers, as these variables account for about .76% of the variation in risk reduction.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3412.524	1	3412.524	29.509	.000 <sup>b</sup>
	Residual	42788.335	370	115.644		
	Total	46200.859	371			

a. Dependent Variable: RISK REDUCTION

b. Predictors: (Constant), ROLE OF STRATEGIC PLANNING

Table 4.15: Table ANOVA<sup>a</sup>

Table 4.10 shows the results from the analysis of variance (ANOVA) which was run for the issue to determine if the strategic planning of respondents had an effect on the risk reduction. The ANOVA table and the table of coefficients have shown that the

model is significant since the p-values of  $.000 < 0.05$  indicated that the parameters for determining the risk reduction are significant.

Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
Model		B	Std. Error			
1	(Constant)	31.924	1.266		25.214	.000
	STRATEGIC PLANNING	.882	.031	.872	28.451	.000

a. Dependent Variable: RISK REDUCTION

Table 4.16 Coefficients<sup>a</sup>

According to the tables, there is a strong relationship between the dependent variable i.e. risk reduction, and the independent variable i.e. strategic planning which is (Sig.=.000). The Beta value of preference fit is .882 which means it has an 88.2% impact on risk reduction. On the same side t value also showed the result of 28.451 which tells about the significant impact on risk reduction.

We now want to fulfill the research objectives outlined in Chapter One, having discovered the results of many experiments and analyses in this chapter. In Chapter One of the study, the researcher generated a hypothesis based on the theoretical framework. To understand the acceptance and rejection of hypotheses. The strategic planning coefficient has a positive value of 0.882, according to Table 2, While the significance value (sig) for the variable of strategic planning variable equal to 0.000 is smaller than the significance level of 0.05 ( $p < 0.05$ ). Research hypothesis:

H1: Risk-averse firms are more prone to use direct response techniques.

The hypothesis decision is to accept hypothesis H1, which means of the role of strategic planning has a positive and significant influence on risk reduction in multinational companies (MNCs) in Jordan.

## **CHAPTER 5**

### **CONCLUSION**

#### **5.1 Conclusion:**

The goal of this last chapter is to give a debate about the assistance to expertise made by this research. Aside from the academic assistance, the consequences for public policymakers and managers will be highlighted. This chapter will go through some of the constraints that this study experienced. While research restrictions can often be viewed as impediments to finishing any research project, they did not hinder this research from reaching its goal goals. To refresh the reader's memory, the purpose of this research was to explore the role of strategic planning in risk reduction in multinational companies (MNCs) in Jordan.

The following were the aims of this study in this regard:

- 1- Highlight managers' performance in terms of how to correctly carry out their obligations in order to prevent incurring risks.
- 2- Actual application of the early warning system and verification that it works with high efficiency to be able to predict risks before they occur and assess their damages.
- 3- Introduce officials to strategic planning files in order to identify the tools and actions involved in the strategic planning process.

As a result, two research questions were developed to aid in the achievement of the aforementioned study aims.

The following have been the questions, as stated in Chapter 1:

- 1- Does the strategic planning process affect the possibility of applying response strategies to reduce risks?
- 2- To what degree do company characteristics, such as age, influence businesses' likelihood to use risk-reduction response strategies?

According to the literature, strategic planning and risk reduction are two variables that define an MNC's performance. In Jordan, an increasing number of

multinational corporations are considering expanding in the area, necessitating a significant presence of business executives in the country to assist in smooth the changes that are occurring around them. To deal with the rising competitive challenges, multinational corporations (MNCs) in Jordan should go through a 3–5-year strategic planning process to recognize and prioritizes their future objectives. As a result, compared to other organizations that do not have strategic plans, the total result will be lucrative objectives with a shorter future horizon. The findings also imply that multinational corporations with a proper strategy plan have a greater probability of lowering their risks than some other corporations. Although the concept of a strategic plan is straightforward, the practice of creating one requires time and work. A corporation may opt to build its internal strategy or hire an external expert to assist them in this process. The conclusion as to which strategy is best will differ from firm to company, but it is apparent that excellent planning results in successful processes by personnel, as well as more effective operation and well-defined duties for each department.

The researcher's primary goal is to investigate how managers cope with risks and to equip MNCs in Jordan with a template that will assist them in increasing the success of their enterprises. The research clearly demonstrates that strategic planning is one of the most important difficulties confronting MNCs in Jordan. Risk reduction, fortunately, is intimately tied to strategic planning and may be utilized as a useful technique to deal with this difficulty. As a result, we concluded that greater use of SP would be a critical component in tackling the issues that may occur for both Jordanian businesses and MNCs as a result of global economic conditions in 2010. This research can be beneficial in the field of strategic planning in risk reduction since it allows us to learn what appropriate planning entails and how we can remove risks at MNCs in Jordan.

## **5.2 Recommendations For Future Research:**

This research has added to the current shape of information on the function of top management in risk mitigation. However, like with any observed study within any knowledge base, this research provides a number of recommendations and ideas for further research in the same or related domains.

For start, the findings of this study cannot be applied to all businesses. Future scholars may broaden their field of study to include additional Middle Eastern organizations as well as companies from other parts of the world. Leadership via crisis response is becoming increasingly vital for many businesses. Researchers should think about crisis management for firms that don't appear to need such leadership qualities.

Second, during the last 10 years, the globe has seen numerous ongoing swings in domestic and international markets, providing solid proof that any firm may require crisis response strategies. Furthermore, the COVID-19 pandemic has necessitated the development of elaborate crisis management strategies that might serve as good models for researchers and executives. Researchers may investigate crisis response on a worldwide scale with firms that have headquarters in numerous areas around the world and confront any variety of local crises, whether manufactured or natural disasters. Understanding how crisis management differs between regions and unique companies, with a focus on the variety and size of crisis circumstances, may contribute to risks management as a result of leadership studies.

Finally, a farther proposal is to center such research inquiries on secondary stakeholders of a single organization in a single or many nations; this might offer unique outcomes, and secondary stakeholders can help with response strategy execution.

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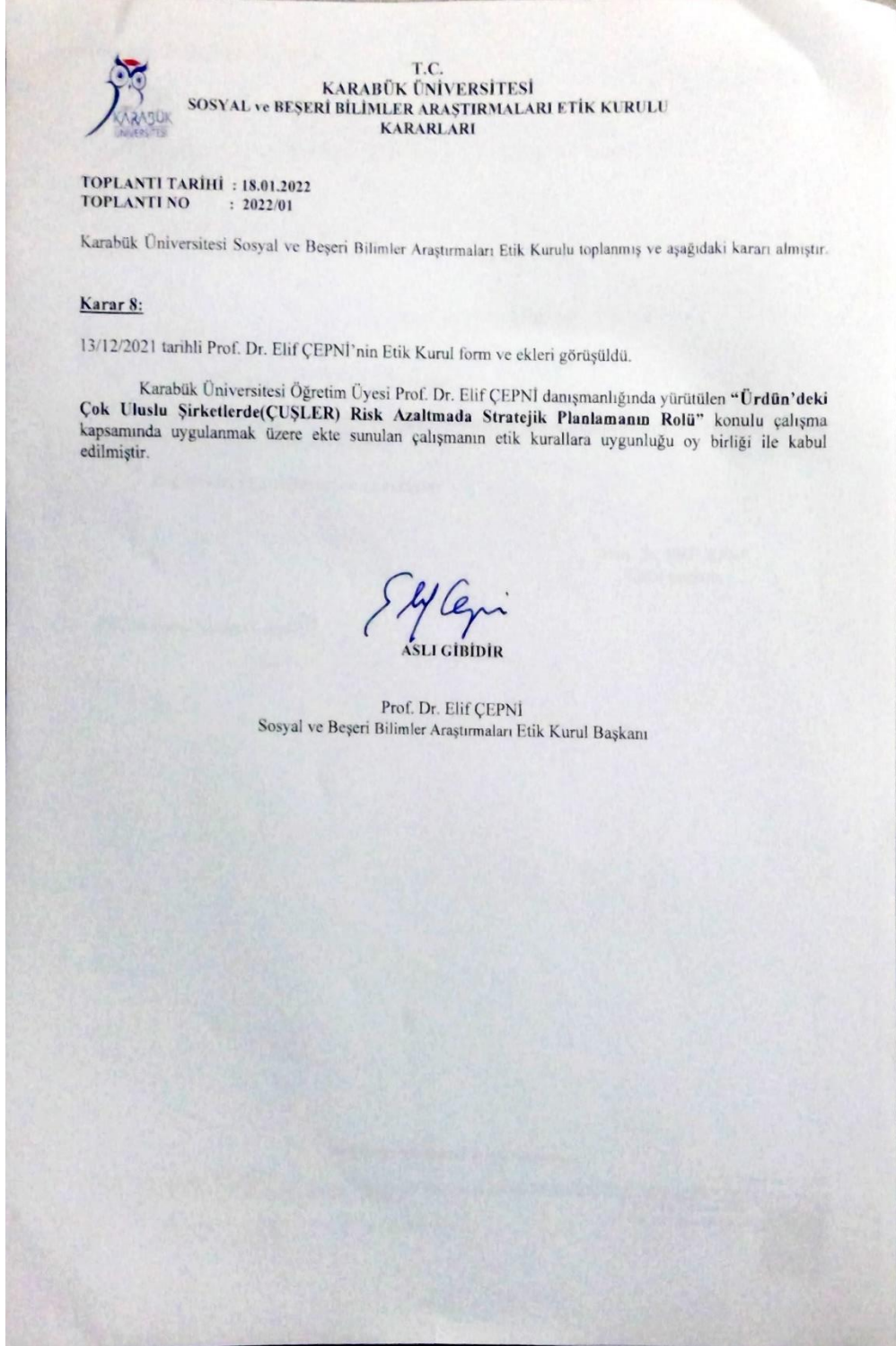
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## LIST OF ATTACHMENTS







## **Survey On The Role Of Strategic Planning In Risk Reduction In Multinational Companies In Jordan**

This survey is the part of MBA dissertation prepared in KARABÜK University MBA program is conducting a survey aimed at verifying the importance of referring to risks in the strategic planning process and its impact on multinational companies in the Hashemite Kingdom of Jordan. The Department of Homeland Security (DHS) Risk Steering Committee defined risk as the possibility of an unfavorable outcome as a result of an incident, event, or occurrence, as defined by its likelihood and related repercussions. This potential is frequently quantified and used to compare various future scenarios. Risk can appear at the strategic, practical, or tactical levels. Threats and vulnerabilities can be used to evaluate the probability of the event (Lexicon, 2010).

Given that this definition will be employed in this survey and throughout the research investigation, the following objectives are sought:

- Actual application of the early warning system and verification that it works with high efficiency to be able to predict risks before they occur and assess their damages.
- Conducting a qualitative analysis of the files associated with the strategic plans to determine the tools and activities in the strategic planning process.
- Understand the impact of the early warning system on reducing risks.

**Could you please set out 10-12 minutes to complete the accompanying questionnaire?**

The information acquired by the survey will be kept strictly confidential, and no firm or individual will be identifiable in any reports or publications that result from the questionnaire. The Karabük University Academic Ethical Framework, which is available upon request, is completely complied with in this study.

- It is critical that the *Managing Director* or a *Senior Manager* involved in your company's main headquarters complete this questionnaire.
- A copy of the summary report of the main results and policy recommendations will be sent to all companies that return questionnaires.

If you have any queries about this survey or the study, please do not hesitate to contact Mr. Zaid Abu-Dabbour (Tel.: +905319129537, or email: zaid.abudabour@yahoo.com) Please return the completed questionnaire by email: (zaid.abudabour@yahoo.com).

Thank you very much for your time and cooperation.

Zaid Abu-Dabbour

Master Researcher  
Faculty of Business Administration  
University of KARABÜK

**SECTION A: BACKGROUND INFORMATION**

- **When did your firm register at Jordan's Chamber of Commerce?**

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Less than 2 years	<input type="checkbox"/>
2-5 years	<input type="checkbox"/>
5-10 years	<input type="checkbox"/>
More than 10 years	<input type="checkbox"/>

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- **What is the position you hold in your firm?**

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Owner	<input type="checkbox"/>
Manager	<input type="checkbox"/>
Risk manager	<input type="checkbox"/>
Chief Financial Officer	<input type="checkbox"/>
Human resources manager	<input type="checkbox"/>

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Other (Please specify): \_\_\_\_\_

- **Does your company operate in any of the following industries? (Please select one of the following):**

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<input type="checkbox"/> Automobiles and parts	<input type="checkbox"/> Oil and gas	<input type="checkbox"/> Banks and financial services
<input type="checkbox"/> Construction and materials	<input type="checkbox"/> Media	<input type="checkbox"/> Technology
<input type="checkbox"/> Healthcare	<input type="checkbox"/> Industrial goods	<input type="checkbox"/> Telecommunications

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Other (Please specify): \_\_\_\_\_

(Abu-Arja,2019).

- **Who is responsible for the risk management process in your enterprise?**

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Controlling function	<input type="checkbox"/>	Staff of business units	<input type="checkbox"/>
Designated risk manager	<input type="checkbox"/>	Chief financial officer	<input type="checkbox"/>
Internal audit	<input type="checkbox"/>	Head of accounting function	<input type="checkbox"/>
Board of directors	<input type="checkbox"/>		

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Other (Please specify): \_\_\_\_\_

(Henschel, 2010).

• **In which risk categories do you evaluate risks?**

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Strategic risks	<input type="checkbox"/>	Group company risks	<input type="checkbox"/>
Market risks	<input type="checkbox"/>	Corporate governance risks	<input type="checkbox"/>
Legal risks	<input type="checkbox"/>	Business process risks	<input type="checkbox"/>
Financial risks	<input type="checkbox"/>	Other risks	<input type="checkbox"/>

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(Henschel, 2010).

**SECTION B: RISK MANAGEMENT INFORMATION**

	Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	There is a common understanding of risk management across the company					
2	Responsibility for risk management is clearly set out and understood throughout the company					
3	Managing risk is important to the performance and success of the company					
4	Your company's objective is to expand the applications of advanced risk management techniques					
5	Applications of risk management techniques reduce costs or expected losses					
6	The company carries out a comprehensive and systematic identification of its risks relating to each of its declared aims and objectives					
7	The company is aware of the strengths and weaknesses of the risk management systems of other multinational companies					

8	This company has developed and applied procedures for the systematic identification of investment opportunities					
9	Your company's response to analyzed risks includes prioritizing of risks and selecting those that need active management					
10	Your company's response to analyzed risks includes prioritizing risk treatments where there are resource constraints on risk treatment implementation					

### SECTION C: STRATEGIC PLANNING

	Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	There is a Risk Management strategy in your enterprise					
2	The multinational companies a formal mission statement that guides all operations					
3	The multinational companies has vision statement which defines the desired future					

4	The multinational companies analyzes the external environment which helps the company to seize new opportunities					
5	The multinational companies implement its formulated strategies					
6	The multinational companies complies with government statutory regulation with ease					
7	The Owner/Manager steers the implementation process					
8	All levels of management are involves to achieve the desired results					
9	Long rang strategies of the multinational companies are realized					
10	The strategy evaluation has a positive impact on operational efficiency and effectiveness					
11	The strategy implementation has a positive impact on competitive edge (Maina, 2020).					

## **CURRICULUM VITAE**

ZAID ABU-DABBOUR born in 1996 completed his primary and basic education in Zarqa, Jordan, and his secondary education at Industrial Stream School, Trade: Auto Mechanics. He then completed a bachelor's program in the Department of Management Information System, Faculty of Business Administration, Al-Hussein Bin Talal University in 2018, and in 2019 he was accepted as a postgraduate at Karabuk University Department of Business Administration in Turkey.