

Full Length Research

# Impact of Risk Management on Organization Efficiency: An Evaluation of Isa Mustaph Agwai I Polytechnic Lafia Nasarawa State

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Risk management is the process of identifying, monitoring and managing potential risks in order to minimize the negative impact they may have on the organization. Examples of potential risks include security breaches, data loss, cyber attacks, system failures and natural disasters. It is an important process because it empowers an organization with the necessary tools so that it can adequately identify and deal with potential risks. Once a risk has been identified, it is then easy to mitigate it. However, the research objective is designed to determine the degree to which risk can be managed effectively in the organization after identification, the risk is analyzed and suggested ways of managing the risk in a cost-effective manner were adopted. While the research adopted a research survey method as designed. The research used simple percentages as statistical techniques in analysis, and it concluded that risk management environment and adequate internal controls have the highest impact on the financial performance of the organization. Thus, any amount invested in risk measurement techniques, risk management environment techniques and internal control increases revenue generation to the organization. While the financial performance of the organization increases. Therefore, organizations need to put more efforts in risk management practices in order to improve their organizational performances. The research recommends that Nigerian organizations should expand their risk measurement techniques and adopt more technically reliable measures so as to adequately manage the risks resulting from the increased financial innovations in the organizations and ensure their risk management policy, procedures and practices streamline within the global standards.

**KEY WORDS:** Risk, Risk Management, Efficiency, Organization and Evaluation.

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## INTRODUCTION

Risk management as an integrated procedure is still much more often talked about than practiced, but there are encouraging signs that co-operation is replacing competition between some at least of those responsible for the practical implementation of various aspects of risk treatment. Similarly, in the financial sphere, there is growing recognition that conventional insurance is not the only, nor always the most appropriate way of providing for loss.

Risk management is the continuing process to identify, analyze, evaluate, and treat loss exposures and monitor risk control and financial resources to mitigate the adverse effects of loss. Loss may result from the following: financial risks such as cost of claims and liability judgments operational risks such as labor strikes perimeter risks including weather or political change strategic risks including management changes or loss of reputation. The new understanding

that risk does not respect administrative demarcation lines has necessarily created new techniques. There is little that is new about the contents of most of these techniques for in many cases, they have long been used by one or other of the various specialists in the fragmented work of risk treatment. The novelty lies in their application to the field of risk as a whole and in the combination of different measures drawn from disciplines which in the past have had little to do with each other (Wallace & Blumkin, 2007).

Risk analysis and risk management is a process that allows individual risk events and overall risk to be understood and managed proactively optimizing success minimizing threat and maximizing opportunities and outcomes.

Since every individual, householder, association, company government department and local authority is exposed to a wider range of risks. It is inevitable, by the nature of probability, that bodily injury, property damaged or financial loss will occur sooner or later even the Nigerian organizations.

## **RESEARCH PROBLEM**

The contribution which emanated from the Polytechnic made toward the progress and the development of Nigerian economy cannot be overemphasized. This is the reason, it is highly imperative to delve into the process and procedure by which the organizations manage the risks that is peculiar to them. Organization often faced with the problems of risk management which enhanced organizations failures.

## **RESEARCH OBJECTIVES**

The objective of this research is to find out the impact of risk management on organization in order to enhance their efficiency, with a particular reference to Isa Mustapha Agwai I Polytechnic Lafia. The research is designed to:

1. To determine the degree to which risk can be managed effectively in Isa Mustapha Agwai I Polytechnic Lafia.
2. To identifying the risk, analyze them and suggest ways and technique to be applied or take into consideration in managing the risk in a cost effective manner.
2. To make recommendation for further improvement in the area of effective management of risk that would reduce the degree of catastrophe in an organization of such.

## **RESEARCH QUESTION**

- 1.To what extent can risk be managed effectively in an organization?
- 2.How can risk be manage in an organization, suggested ways and technique to be applied?
- 3.To recommend for further improvement in the area of effective management of risk that would reduce the degree of upheaval in an organization?

## **RESEARCH SIGNIFICANCE**

The results of this research are expected to indicate the correlation between risk management practices during the planning stage and the performance stage. The planning stage provides the greatest opportunity to minimize risk (Wallace & Blumkin, 2007). It is expected that the results of this research will inform organizations and policy makers.

## **REVIEW OF LITERATURE**

Risk management has become an important part of the management process for any organization. Various theories and models have been advanced on the subject of risk and decision making under uncertainty. This chapter reviews the literature concerning theories of risk management, decision making under uncertainty and some of the risks faced in the organizations, some risk analysis techniques and risk response. The chapter further reviews literature related to the independent and dependent variables in the research.

## **Risk Management Concept**

Risk management is the fastest growing discipline. However, the concept and concern of risk management, the practical and functional behavior of risk management and the major purpose of it, differ based on different perspectives. The concept of risk management in any organization is considered a strategic issue which emerged since the 19th century (Bernstein, 1996). The organization's ability to manage risk, identifying risks assumed to be mitigated and make a calculated and concrete decision and lift up the strength of the organization and also the entire economic system of the country. Risk management is an effective method, applied in order to alleviate unwanted effects of exposures and earn optimum benefit from risky situations (Essinger and Rosen, 1991).

Effective Risk management aimed at providing reasonable assurance as to the achievement of organization's objectives and helps in achieving its financial targets. Effective risk management continuously assesses and identifies risks and reduces surprises that affect the organization. So that, effective and integrated risk management is part and parcel of good organizational governance (Pezier, 2002). On the other hand risk management activity includes providing executives and personnel at different levels of the organization with continuous, relevant and reliable information, and designing practical frameworks and systems to establish the risk management decisions on solid ground. Thus, risk management needs to be among the top corporate strategic objectives and it must be managers' permanent concern to balance between risk and opportunities associated with risks (Andersen, 2008).

## **Risk management and Organization performance**

Effective and integrated risk management system must improve the performance of any organization . To implement effective risk management it needs huge resource mobilization. Hence, organization expects better improvement in performance resulted from the risk management system employed (Pagach and Warr 2011).

Thus, integrated and effective risk management expected to support a sound decision making, which ultimately improve organization's performance by improving the precision in balancing the tradeoff between risk and expected return (Gehner, 2008). The better the organization understand its inherent risks the greater confidence it will develop in order to pursue opportunities. The effectiveness of risk management improves accountability among stakeholders; thereby enhance effectiveness of corporate governance and strategic competitive advantages. Thus, integrating risk management activities and documentation of the risk management process could have greater contribution in the identification of organization opportunities and facilitates the distribution of knowledge and best practices. Ultimately, integrated and effective risk management expected to lead to sustainable resource allocation to improve the performance of the organization (Andersen, 2008).

## **RESEARCH METHODOLOGY**

### **Historical Background Of Nasawasa State Polytechnic (Now Isa Mustapha Agwai I Polytechnic Lafia).**

Nasarawa State Polytechnic was established by His Excellency, the First Executive Governor of Nasarawa State, Alhaji (Dr) Abdullahi Adamu(Sarkin Yakin Keffi) on 15th August 2000. The institution is situated at Saint Augustine College Lafia Later was collapsed by the then government to Government College Lafia, and Nasarawa State polytechnic Lafia. The first sets of students were admitted in December 2000.

### **Research Design**

The method used in this research is survey research method. This method is considered as the appropriate technique to employ in the research comparative analysis of the contribution of the organizations staff and adopt questionnaires.

### **Sample Size and Sampling Techniques**

The researcher uses the sample size of 80% it is not possible to deal with the entire targeted population.

N

$$n = \frac{N}{1 + N(e)^2}$$

### Method of Data Collection

The major instrument employed in this research work for data collection is; interview and questionnaire.

### Method of Data Analysis

The statistical techniques in analyzing the data collected from the interview and questionnaire administered is the simple percentage method in which percentage is attached to the respondents for analysis.

N

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{100}{1 + 100(5\%)^2}$$

$$n = \frac{100}{1 + 100(0.05)^2}$$

$$n = \frac{100}{1 + 100(0.0025)}$$

$$n = \frac{100}{1.25}$$

$$n = 80$$

## DATA PRESENTATION AND ANALYSIS

### Personal Data

#### Sex Distribution

Sex	Respondents	Percentage
Males	45	62.5%
Females	35	37.5%
Total	80	100%

Source: Field Survey 2022

## Age Distribution

Age	Respondents	Percentage
Below 29	11	13.75%
30 – 39	30	23.75%
40 – 49	20	45%
50 Above	19	17.5%
Total	80	100%

Source: Field Survey 2022

## Marital Status

Marital Status	FREQUENCY	Percentage
Single	38	45%
Married	22	30.25%
Window/Widower	15	17.75%
Divorced	5	7%
Total	80	100%

Source: Field Survey 2022

## Level of Education of Respondents

Level of Education	FREQUENCY	Percentage
WAEC/NECO/GCE	31	25%
NCE/OND	18	34%
HND/BSC	21	27.5%
Post Graduate	10	13.5%
Total	80	100%

Source: Field Survey 2022

## QUESTIONNAIRE RESPONSES

To what extent can risk be managed effectively in this organization?

RESPONSES	FREQUENCY	PERCENTAGE
By employing qualified person	47	55%
By avoiding working load	33	45%
TOTAL	80	100

Source: Field Survey, 2022

**Comment:** 47 respondents representing 55% are of the view that risk can be managed effectively in this organization by employing qualified persons while 33 respondents representing 45% are of the view that risk can be managed effectively in this organization by avoiding working load.

How can risk be managed in this organization and the suggested ways and technique to be applied?

RESPONSES	FREQUENCY	PERCENTAGE %
employing qualified person	50	65%
avoiding working load	30	35%
Total	80	100

**Source: Field Survey, 2022**

**Comment:** 50 respondents representing 65% are of the view that risk be manage in this organization and suggested ways and technique to be applied by employing qualified persons while 30 respondents representing 35% are of the view that risk be manage in an organization and suggest ways and technique to be applied by avoiding working load. Do you think improvement in the area of effective management of risk will reduce the degree of catastrophe in this organization?

RESPONSES	FREQUENCY	PERCENTAGE %
Yes	47	64.78%
No	33	35.22 %
TOTAL	80	100

**Source: Field Survey, 2022**

**Comment:** 47 respondents representing 64.78 % said yes, while 33 respondents representing 35.22 % said no.

The findings reveal summarily, that Nigeria organization are perceived not to use high technically advanced equipment, less on training and development. risk measurement procedures and techniques and risk mitigation practices in major organization in Nigeria.

While, on recommendation the research which were based on factual information from the organizational, recommend that Nigerian organization should expound their risk measurements techniques and adopt more technical and reliable measures so as to adequately manage their organization risks, training and development resulting from the increased financial innovations in the organizational sector.

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