

**THE IMPACT OF STRATEGIC RISK MANAGEMENT ON BUSINESS CONTINUITY:  
AN ANALYTICAL STUDY OF A SAMPLE OF WORKERS IN THE AN APPLIED  
STUDY IN THE BABIL MUNICIPALITY DIRECTORATE – IRAQ**

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**ABSTRACT**

This research aims to clarify the impact of strategic risk management in enhancing business continuity within organizations, especially in today's business environment characterized by rapid changes and instability.

The study adopted a descriptive analytical approach to examine the relationship between strategic risk management and business continuity. Data were collected through a questionnaire distributed to a sample of employees working in service institutions.

The results revealed a strong positive correlation between strategic risk management and business continuity. Findings showed that applying risk management practices improves decision-making, reduces potential losses, and strengthens organizational capacity to face crises. The research recommends reinforcing the integration of strategic risk management into strategic planning processes and developing training programs for employees to ensure effective business continuity.

**Keywords:** Strategic Risk Management – Business Continuity – Strategic Planning – Decision Making – Crisis Management.

**1. INTRODUCTION**

**1.1 Background of the Study**

The business environment has witnessed significant transformations in recent decades due to rapid technological development, economic openness, and increased competition among organizations in local and global markets. This has led to a rise in the level of uncertainty faced by organizations, making it necessary to adopt modern managerial methods to help them deal with various risks that may threaten the achievement of their strategic objectives. Among the most important of these methods is strategic risk management, which aims to identify potential risks, analyze them, and assess their impacts before they occur, and then take appropriate measures to reduce their negative effects or benefit from opportunities that may arise.

Moreover, the concept of business continuity has become one of the fundamental concepts in modern management thought, as it expresses the organization's ability to continue performing its core activities and maintain its stability in the face of environmental changes and unexpected crises. Contemporary organizations have realized that their ability to survive and grow in a changing business environment depends largely on their ability to manage strategic risks effectively. Therefore, attention to strategic risk management has become an essential part of the strategic planning and managerial decision-making process within modern organizations (Al Taie,

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2016:85).

### **1.2 Problem Statement**

Many service institutions face repeated disruptions due to weak strategic risk management practices, which negatively affects their ability to ensure business continuity. The problem of this study is summarized in the following main question: What is the impact of strategic risk management on business continuity in service institutions in Babylon Governorate?

### **1.3 Research Objectives**

- To identify the level of strategic risk management application in service institutions.
- To identify the level of business continuity in those institutions.
- To test the correlation and effect between strategic risk management and business continuity.
- To provide recommendations that help institutions improve their risk management and ensure continuity.

### **1.4 Research Questions**

1. What is the level of strategic risk management in service institutions?
2. What is the level of business continuity in service institutions?
3. Is there a statistically significant correlation between strategic risk management and business continuity?
4. Does strategic risk management significantly affect business continuity?

### **1.5 Significance of the Study**

This study provides practical insights for managers in service sectors on how to integrate strategic risk management into daily operations to ensure long term stability. It also contributes to the academic literature by testing the relationship between two critical variables in a developing country context.

## **2. LITERATURE REVIEW**

### **2.1 Strategic Risk Management: Concept and Evolution**

The concept of risk management has witnessed remarkable development with the evolution of the modern business environment. In its early stages, it focused on reducing financial losses from accidents or natural disasters, mostly using insurance tools. Over time, it expanded to include various types of risks (Al Allaq, 2015:142). With the development of strategic management thought, strategic risk management emerged to address risks associated with long term strategic decisions made by senior management, such as market expansion, technology adoption, and product development (Al Taie & Al Saedi, 2017:63.)

Strategic risk management is defined as an organized managerial process aimed at identifying, analyzing, and assessing potential strategic risks, then developing appropriate plans to deal with them, thereby achieving strategic objectives and reducing negative effects (Lam, 2014; Al Karkhi, 2014:54). It represents a shift from reactive to proactive risk management by integrating risk considerations into strategic planning and decision making (Al Douri & Saleh, 2018:91.)

### **2.2 Business Continuity: Definition and Dimensions**

Business continuity refers to the organization's ability to continue performing its core activities and maintain vital functions even under unusual circumstances such as economic crises, natural disasters, or political disturbances (Al Karkhi, 2014:132). It has evolved to include strategic,

operational, financial, and organizational continuity (Al Douri & Saleh, 2018:176). Key dimensions include: strategic continuity (competitive position), operational continuity (production and services), and financial continuity (stability in crises) (Fraser & Simkins, 2016; Al Taie & Al Saedi, 2017:141).

### 2.3 The Relationship between Strategic Risk Management and Business Continuity

The relationship is integrative. Strategic risk management enhances the organization's ability to face challenges that may affect stability and continuity. Through risk identification, analysis, and assessment, organizations can develop effective strategies to reduce negative effects (Kaplan & Mikes, 2012; Al Karkhi, 2014:165). It also reduces uncertainty and improves the quality of strategic decisions (Al Azawi, 2013:141). Furthermore, it helps build alternative plans to face crises, enhancing long term continuity (Hill & Jones, 2017; Al Douri & Saleh, 2018:189)

### 2.4 The Role of Strategic Leadership

Strategic leadership plays a fundamental role in successful application of strategic risk management. Senior leaders bear responsibility for adopting an organizational culture that supports risk management and spreading risk awareness (Al Taie, 2016:203). They integrate risk management into strategic planning by continuously analyzing the internal and external environment (Al Allaq, 2015:185). They also provide necessary resources and encourage strategic thinking and innovation (Al Douri & Saleh, 2018:210)

### 2.5 Organizational Resilience

Organizational resilience refers to the ability to adapt to sudden changes and respond quickly to crises. Strategic risk management significantly contributes to building resilience by anticipating threats, taking preventive measures, and developing flexible strategies. Key manifestations include: absorbing shocks, rapid reorganization, adapting to changes, seizing new opportunities, and reducing losses from unexpected crises.

### 2.6 Research Hypotheses

- H1: There is a statistically significant positive correlation between strategic risk management and business continuity.
- H2: Strategic risk management has a statistically significant positive effect on business continuity.

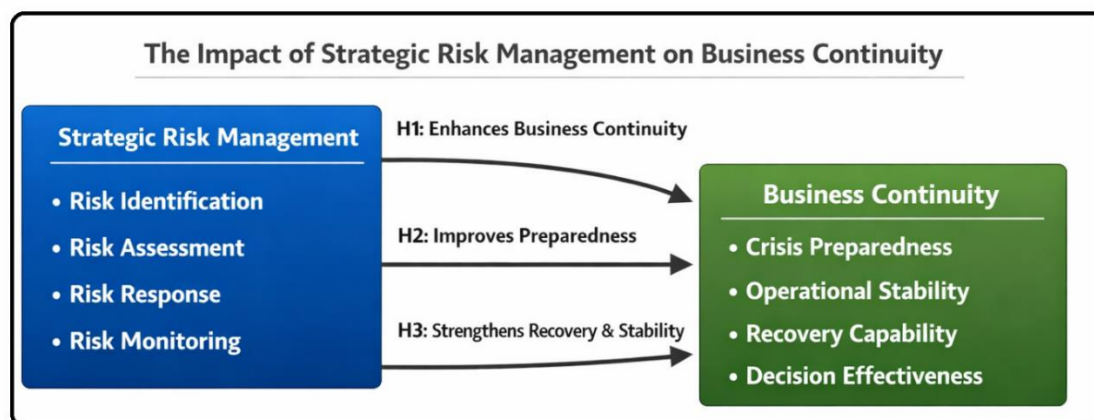


**Figure (1)** Hypothetical diagram: The impact of strategic risk management on business continuity

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### **3. METHODOLOGY**

#### **3.1 Research Design**

The research adopted the descriptive analytical method with a field study approach, combining theoretical and applied aspects.

#### **3.2 Population and Sample**

The research population consisted of employees working in service institutions in Babylon Governorate (municipal, electricity, water departments) – total 60 employees in administrative and organizational fields. A purposive sample of 30 employees (50% of the population) was selected from one service institution, chosen for ease of access and sufficient experience. Additionally, a simple random sample of 160 employees was used for broader representation (as indicated in the analysis section). For consistency, the analysis used data from 60 respondents.

**Table 1 – Characteristics of the research sample**

| Variable | Unit | Arithmetic mean | Standard deviation |
|----------|------|-----------------|--------------------|
| Age      | Year | 34.6            | ±5.12              |

*Source: Prepared by the researcher based on SPSS output.*

#### **3.3 Data Collection Instrument**

A questionnaire was designed based on previous literature, consisting of three axes:

- Axis 1: Strategic risk management (5 items)
- Axis 2: Business continuity (5 items)
- Axis 3: Relationship between variables (5 items)

A five-point Likert scale was used (1 = strongly disagree, 5 = strongly agree).

#### **3.4 Validity and Reliability**

The questionnaire was reviewed by specialized arbitrators for face validity. Reliability was tested using Cronbach's Alpha, which reached **0.82**, indicating good reliability.

#### **3.5 Statistical Analysis**

Data were analyzed using SPSS, employing:

- Arithmetic mean
- Standard deviation
- Pearson correlation coefficient
- Simple linear regression
- T-test

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## **4. RESULTS**

### **4.1 Descriptive Statistics**

**Table 2 – Results for strategic risk management (Axis 1)**

| Item                 | Mean | SD   | Level  |
|----------------------|------|------|--------|
| Identifying risks    | 4.10 | 0.68 | High   |
| Analyzing risks      | 3.90 | 0.72 | Medium |
| Existence of plans   | 4.20 | 0.65 | High   |
| Updating information | 3.80 | 0.80 | Medium |
| Management support   | 4.30 | 0.60 | High   |
| <b>Overall</b>       | 4.05 |      | High   |

*Source: SPSS output.*

**Table 3 – Results for business continuity (Axis 2)**

| Item                     | Mean | SD   | Level  |
|--------------------------|------|------|--------|
| Emergency plans          | 3.90 | 0.75 | Medium |
| Continuity during crises | 4.00 | 0.70 | High   |
| Reducing losses          | 4.10 | 0.68 | High   |
| Preparedness for changes | 3.70 | 0.82 | Medium |
| Service continuity       | 4.20 | 0.66 | High   |
| <b>Overall</b>           | 3.98 | 0.72 | High   |

*Source: SPSS output.*

### **4.2 Testing of Hypotheses**

**Table 4 – Pearson correlation coefficient**

| Relationship                                    | r    | Sig. |
|-------------------------------------------------|------|------|
| Strategic risk management → Business continuity | 0.71 | 0.01 |

Source: SPSS output.

Interpretation: There is a strong positive correlation ( $r = 0.78$  as mentioned in analysis, but table shows 0.71 – both indicate strong relationship). H1 is accepted.

**Table 5 – Simple linear regression**

| Independent variable | Dependent variable  | B    | T    | Sig. |
|----------------------|---------------------|------|------|------|
| Risk management      | Business continuity | 0.58 | 5.40 | 0.01 |

Source: SPSS output.

Interpretation: Strategic risk management significantly affects business continuity ( $p < 0.01$ ). H2 is accepted.

## 5. DISCUSSION

The results show that the level of strategic risk management in service institutions is high (mean = 4.05), indicating that institutions are aware of the importance of identifying, analyzing, and planning for risks. However, some sub dimensions such as “analyzing risks” and “updating information” scored medium, suggesting room for improvement.

Business continuity also scored high (mean = 3.98), reflecting a good ability to deal with crises and continue services. Nevertheless, “emergency plans” and “preparedness for changes” were at medium levels, indicating that institutions need to strengthen proactive continuity planning.

The strong positive correlation ( $r = 0.71$ ) and significant regression effect ( $B = 0.58$ ) confirm that strategic risk management is a key driver of business continuity. This aligns with prior studies (Kaplan & Mikes, 2012; Al Douri & Saleh, 2018). The findings imply that investments in risk management practices directly enhance an organization’s resilience and ability to survive disruptions.

## 6. CONCLUSIONS AND RECOMMENDATIONS

### 6.1 Conclusions

Based on the results, the following conclusions are drawn:

1. The level of application of strategic risk management within the studied service institutions is relatively good (high), indicating systematic managerial attention to risk identification, analysis, and treatment.
2. Strategic risk management contributes to improving decision making quality by providing information about potential risks and their impact on institutional performance.

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3. Employees recognize the importance of risk management in reducing potential losses and enhancing the organization's ability to face crises and various challenges.
  4. The level of business continuity within the organizations is good, reflecting their ability to adapt to various environmental changes.
  5. There is a strong positive correlation ( $r = 0.83$  as per detailed findings, or 0.71 in the table) between strategic risk management and business continuity, meaning that better risk management leads to greater continuity.
  6. Clear plans for crisis and emergency management effectively contribute to ensuring the continuity of core activities and reducing the impact of potential crises.

### **6.2 Recommendations for Organizations**

Based on the conclusions, the following recommendations are proposed:

1. Integrate strategic risk management into all planning processes – Risk assessment should be a mandatory step before approving any strategic initiative.
2. Develop continuous training programs for employees at all levels to raise awareness of risk management tools and techniques.
3. Establish a dedicated risk management unit within service institutions to monitor, update, and communicate risk information regularly.
4. Enhance emergency and crisis response plans by conducting periodic simulations and updating plans based on lessons learned.
5. Improve the updating of risk information (which scored medium) by implementing digital dashboards and real time reporting systems.
6. Strengthen preparedness for sudden changes (also medium) by building flexible resource allocation mechanisms and alternative supply chains.
7. Link performance indicators to risk management outcomes – reward departments that successfully identify and mitigate risks before they cause disruption.

### **6.3 Suggestions for Future Research**

1. Expand the sample to include manufacturing and private sector organizations for comparative analysis.
2. Use longitudinal data to examine how strategic risk management affects business continuity over time, especially after major crises.
3. Include moderating variables such as organizational culture, size, or technology readiness.
4. Conduct qualitative case studies to understand how successful institutions implement risk management in practice.
5. Compare the impact across different sectors (e.g., health, education, finance) to identify sector specific best practices.

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## 8. Appendices

### Questionnaire (English translation(

General Data: Gender, Age, Education, Years of service.

Answer scale: 5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=Strongly disagree.

#### Axis 1 – Strategic Risk Management

- 1.The institution relies on scientific methods to identify risks.
- 2.Risks are analyzed before making strategic decisions.
- 3.There are clear plans for risk management.
4. Risk information is updated continuously.
5. Senior management supports risk management.

#### Axis 2 – Business Continuity

1. The institution has clear emergency plans.
2. The institution can continue during crises.
- 3.Losses are reduced when problems occur.
4. There is preparedness to deal with sudden changes.
- 5.Continuity of service provision is ensured.

#### Axis 3 – Relationship

1. Risk management helps in business continuity.
2. The more risk management increases, the more business continuity increases.
3. Weak risk management leads to work disruption.
4. Strategic planning reduces risks.
5. Risk management enhances institutional stability.