Literature review of business continuity management

Though business continuity management has a significant role in the optimization of the organizational performance, there is a rare discussion of this role in literature. However, a small part of the existed literature has paid some attention to the role of business continuity management; the matter of which can provide financial firms/ institutions with sources regarding this subject (Sawalha, 2013). This section presents a series of previous studies, along with their objectives, findings, and recommendations pertaining to the subject of this paper. In order to achieve the study objective, a comparison has been made between these studies.

Fischbacher-Smith, (2017): This study aims at examining the nature of the business continuity management process and placing it within a wider literature on the socio-technical systems' performance. Though the activities of business continuity management have been growing within organizations, the role of the academic research to help drive this process is still questionable. Hence, this study seeks to bring in a discussion on the interplay between the organizational performance and business continuity management within the frame of the potential tensions between efficiency and effectiveness. Using the quantitative approach, the study has obtained data from 517 individuals in the UK. Findings indicate that there is somehow a disjointed relationship between the academic research in the field of crisis management as well as the practice-based approaches to business continuity.

Tumuhairwe & Ahimbisibwe, (2016): This study seeks to identify the relationship between procurement records compliance, effective risk management and record management performance in procuring and disposing entities in Uganda. The study has been conducted using the quantitative approach and a cross-sectional survey. A questionnaire has been developed on the study constructs of the procurement records compliance, effective risk management and record management performance by using measurement scales which are derived from prior empirical studies that have been modified for the purpose of the present study. Results reveal that there is quantitative evidence indicating a significant and positive relationship between procurement records compliance, effective risk management and record management performance. Moreover, the study finds that procurement records compliance and effective risk management are considered significant predictors of record management performance. As well, the study finally recommends that the effect of effective risk management is much stronger on records management performance than procurement records compliance.

Ahmed & Malik, (2015): This paper mainly aims at measuring how risk management practices affect loan performance taking into consideration credit terms and policies, collection policy, client appraisal, and credit risk control as dimensions of credit risk management practices. The primary data in the cross sectional form has been taken into account for a statistical evaluation purpose. The study data has been obtained from managers of credit risk management in the microfinance banking sector. To empirically evaluate the relationship between credit risk management practices and loan performance, multiple regression analysis has been used. This analysis finds that loan performance is positively and significantly affected by credit terms and client appraisal. However, though collection policy and credit risk control positively affect loan performance, such an effect is still considered insignificant. Interestingly, by focusing on the dimensions of credit risk management practices, this study might be seen helpful for the management in enhancing loan performance.

Ishtiaq, (2015): The main purpose of this study is to empirically investigate how risk management processes are effective, in addition to examining their relationship with banks performance. The study has reviewed the relevant literature on risk management in banks from diverse methodological strands, and it has come up with its conclusions aiming at adding value to the available knowledge; particularly to identify certain research gaps in regards to risk management and banks performance in the developing countries, more specifically in Pakistan.

Owing to its empirical nature, the current research adopts a deductive reasoning approach in terms of theory testing. This study applies a mixed method research strategy by taking the quantitative method as the major component, while the qualitative method plays a supplementary role. The sample is composed of twenty banks in Pakistan and the stratification is performed according to the bank category (public, private and foreign) in respect of different strata. The study collects and analyses primary as well as secondary data. In the second phase, this research conducts questionnaire data analysis by using ordinary least-squares regression to assess the different aspects risk management practices of banks in Pakistan. Finally, two-stage data envelopment analysis technique has been adopted to examine the relationship between the risk management and performance of the selected banks. This study results reflect that it is very important for

Pakistani banks to formulate an active risk management process to identify, measure, monitor and control different risks. These results further reveal that formation of a comprehensive risk management system is not only a useful practice to meet the regulatory requirements but an effective exercise to improve the performance of Pakistani banks also. By employing a pragmatic, embedded, mixed method research strategy, this study has created a new insight into risk management in local banks and extends the existing theoretical literature in the field of banking in various ways.

Yahaya et al., (2015), the study analyzes risk management and organizational performance in deposit money banks in Nigeria. Two measures of organizational performance concentration are used. The first is the return on assets, while the second is return on equity. Determination of the relationship between risk management and organizational performance is done using panel data regression models. Explanatory variables, such as standard deviation of return on assets, standard deviation of return on revenue, current ratio, quick ratio, equity over total assets, equity over loan ratio, debt over equity and debt over total assets are used. Five hypotheses are tested and overall, organizational performance is positively affected by the risk management mechanisms of the bank and its liquidity policies. However, the relationship between financial leverage, size and age of the bank and financial performance is negative. The study concludes that risk and liquidity management policies are important to high financial performance. However, banks should put in place sound risk management mechanisms and policies to guide their operations. Also, banks should adhere strictly to sound liquidity management practices to guide against lack of liquidity. They should utilize earnings rather than seeking for external financing. Finally, banks should reduce their level of noncurrent assets and invest more in current assets in order to earn more profits from operations.

Ghani & Mahmoodb, (2014). The purpose of this study is to investigate the state of risk management practices implemented among the microfinance providers in Malaysia and its relationship with the financial performance. By taking seven banking institutions and three developments financial institutions which participate in the micro financing initiative name as pembiayaan micro, the risk management practices were investigated. This study employed the measures available in the existing literature to measure the variables and is modified to match with the respondents. A total number of 1355 survey questionnaires were distributed to the branch managers through mail and 190 usable responses were received from the respondents The result reveals that only three dimensions of RMPs have significant relationship with the performance of financial institutions namely risk identification, risk monitoring and credit risk analysis. While, there is no relationship between risk management understanding and risk assessment and analysis and performance of financial institutions. The results also provide support that the supervision of risk management and internal control systems of Malaysian banks conform to internationally accepted standards that stipulated under Basel II.

Perrenoud et al., (2014), the purpose of this study is to describe how the University of Minnesota’s capital program implemented risk management metrics on 266 construction projects and to present the results of the risk metrics. The implementation of Weekly Risk Reports on the university construction projects captured information on the internal and external efforts related to minimizing project risks. The report implemented captured project risks, management plans, cost changes and schedule delays. The results of this study show that the university was able to effectively capture project risk metrics through the Weekly Risk Reports. The risk metrics identified the risks categories that impacted the 266 project costs and schedules. Through these findings, the university has a better understanding of how their internal stakeholders create the greatest risk to impacting

Nair et al., (2014), the aim of this study establishment of a link between the various dimensions of risk management with the business performance of International Islamic Bank. While risk management had seven distinct dimensions, business performance was measured in terms of financial and non-financial performance of the IIB. Based on the contemporary research in risk management, 14 hypotheses were built to link the dimensions of risk management with business performance. The research was undertaken as an empirical study with grounded theory approach. Multiple regression analysis was the method used for establishment of causal relationships between the variables of research interest. The research has developed the mathematical relationships between the research variables of interest. The hypothesis testing has indicated that risk assessment analysis, risk management practices, risk identification, and credit risk assessment are the specific dimensions which influence the business performance. Based on the hypotheses testing results implications are drawn and suggestions are made to the strategic managers of International Islamic Bank to enhance their business performance.

Sawalha, (2013), this study seeks to extend the research relating to the strategic view of business continuity management to the context of organizational performance. It discusses potential performance consequences resulting from applying business continuity management aspects/elements within an organization. The study contributes to the understanding of the role of business continuity management in organizational performance by discussing how deployment of business continuity management key aspects/elements can improve organizational performance. Two main issues are discussed: first, background to performance and the elements of organizational performance; and secondly, the role of business continuity management in achieving optimized organizational performance. These issues are significant, as they go further than the extant literature relating to the significance of business continuity management and its potential influence on organizational performance. The study focuses on Jordanian banks as a case study and as a way of illustrating how business continuity management helps improve organizational performance for those organization's facing performance shortcomings or difficulties

Ryding & Sahlin, (2013), the objective for this study is to investigate how companies can evaluate and thereby improve their Supply chain risk management efforts by connecting the field of Supply chain risk management to the field of performance measurement systems. First, a thorough literature search was conducted where the current literature about Supply chain risk management and performance measurement systems was examined to understand what the literature recommends. This was followed by a multiple case study including semi-structured interviews with SC managers at eight companies to get the practical aspect of the problem. The results of the research show that companies work with Supply chain risk management in many different ways. The companies that have advanced furthest are the ones that have connected their Supply chain risk management to existing key performance indicators and because of that they have been able to measure the results of their Supply chain risk management efforts. The top-performers had a comprehensive understanding of their risk drivers and risks that affected their SC, which was consistent with the literature. Connecting the Supply chain risk management to the performance measurement systems, the companies can better monitor how the Supply chain risk management affects the performance goals for the SC performance. Then the next step is then to connect key risk indicators to the key performance indicators that will give managers longer time to react to potential risks. Only one company in the study had accomplished this, hence, there is a great space for improvements for many companies.

Wieland & Wallenburg, (2012), the effects of supply chain risk management on the performance of a supply chain remain unexplored. It is assumed that supply chain risk management helps supply chains to cope with vulnerabilities both proactively by supporting robustness and reactively by supporting agility. Both dimensions are assumed to have an influence on the supply chain’s customer value and on business performance. The aim of this research is to provide clarity by empirically testing these hypotheses and scrutinizing the findings by the means of case studies. The research is empirical. Survey data were collected from 270 manufacturing companies for hypotheses testing via structural equation modeling. Additionally, qualitative data were collected to explore the nature of non-hypothesized findings. The results of this study find that supply chain risk management is important for agility and robustness of a company. Both agility and robustness show to be important in improving performance. While agility has a strong positive effect only on the supply chain’s customer value, but not directly on business performance, robustness has a strong positive effect on both performance dimensions. This important finding directs the strategic attention from agility-centered supply chains to ones that are both robust and agile. The case studies provide insights to the fact that robustness can be considered a basic prerequisite to deal with supplier-side risks, while agility is necessary to deal with customer-side risks. The amount of agility and robustness needs to fit to the competitive strategy.

Poudel, (2012), this study try to explore various parameters pertinent to risk management as it affect banks’ financial performance. Such parameters covered in the study were; default rate, cost per loan assets and capital adequacy ratio. Financial report of 31 banks were used to analyze for eleven years (2001-2011) comparing the profitability ratio to default rate, cost of per loan assets and capital adequacy ratio which was presented in descriptive, correlation and regression was used to analyze the data. The study revealed that all these parameters have an inverse impact on banks’ financial performance; however, the default rate is the most predictor of bank financial performance. Fri, & Nilsson, (2011), the purpose of this thesis is to increase the knowledge of how Swedish hedge fund managers perceive and manage different types of risk and how they construct their portfolios with regards to risk management. We also want to investigate how risk measurements are used when it comes to risk management and how valid they are when applied to hedge funds. This study was conducted a combination of exploratory and descriptive research strategies are used. The research method used is the inductive method. A qualitative study is performed as well as a semi-structured interview technique. The results of this study find that the definitions of risk are ambiguous and differed greatly between the hedge fund managers. The risk in the hedge funds is managed differently depending on manager's opinion regarding the nature and controllability of risk. We found that all managers agree on that risk is controllable to some degree but that there are always limits and that an uncertainty aspect is at all times present in a portfolio. The fund managers have to use their experience and knowledge in conjunction with an active risk management to run an efficient hedge fund. We conclude that all managers realize the importance of risk management, not only as a tool to achieve superior returns but also as an incentive for investors to choose their hedge fund over others. also the results of this study find that hedge fund managers believe that there is a need for restrictions and limits within their funds. It can be argued that by enforcing and following restrictions and limits the fund has established a foundation to build its risk management and investment philosophy upon. The larger hedge funds relied on strict enforcement of their rules and guidelines and had a high degree of hierarchy; the managers of the smaller hedge funds seemed to have a higher degree of freedom and a less complicated investment process. Also find that the smaller a firm is the less enthusiasm is expressed regarding the usage of the different risk variables in their risk management and it is expressed to be more of a demand from different stakeholders. We conclude also that even though the risk measurements are used mostly in the larger firm’s one is still aware that they are not able to capture all the risks. Their validity is questioned by all sizes of firms. Park, (2010), the purpose of this paper is to analyze the management process considering risks and performances in developing new products. Study was conducted quantitative approach using the results of a questionnaire a self report questionnaire was distributed to a sample of employees, sample size was 177, the paper provides risk factors and performance factors based on literature reviews and then discusses risk and performance management processes during the product development period. Some lessons for effective risk management and performance measures are reported. Results show that among the timing of risk management and performance measures is important to the impact level of performance. Park, (2010), the purpose of this paper is to analyze the management process considering risks and performances in developing new products. The paper provides risk factors and performance factors based on literature reviews and then discuss risk and performance management processes during the product development period. Some lessons for effective risk management and performance measures are reported. The results of this study show timing of risk management and performance measures are important to the impact level of performance. Olsson, (2008), the purpose of this study is to identify differences in managing a single project compared with that of a project portfolio, where focus and requirements are expanded, and where clear links to organizational objectives exist. Further, the aim is to propose a methodology for the management of risk within the context of a project portfolio. The concepts and framework described in this paper have emerged primarily from an in-depth action research study in a major provider of transport solutions. The work has been conducted within one division, with presence in most of mainland Europe, Scandinavia, and the UK. The study finds that the proposed methodology would manage portfolio risk in two ways. First, it provides a means for single projects to gain experiences from other projects within the portfolio. Second, portfolio common risks and trends of issues can be identified. Such risks can become risks for succeeding projects, or require action from outside the single project.