

# **The Impact of Strategic Management in Implementing a Risk Management Framework**

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## **Abstract**

Strategic management plays a pivotal role in executing mission-critical initiatives within organizations, fostering a culture of excellence during strategic program implementation. Integrating a risk management framework with strategic management stands out as foundational for startup success. This study investigates the profound influence of strategic management on effectively deploying a risk management framework. It proposes a model that merges strategic and risk management to ensure the successful implementation of risk frameworks. Through a qualitative case study, this paper delineates key performance indicators crucial for decision-makers to monitor, facilitating the seamless integration of risk management practices.

## **Keywords**

Risk, Mission, Strategy, Culture, Mission.

## **1. Introduction**

In the mid-1990s, South Africa experienced a notable increase in occupational injuries, fatalities, and trauma across various sectors, including mining and construction, following the relaxation of restrictions on free enterprise and trade for all citizens. This deregulation led to a decrease in prioritizing worker safety by business leaders, resulting in a significant uptick in occupational accidents until interventions were initiated by workers' representatives (unions) and the government. Although traditionally applied in corporate environments, strategic management has broadened its scope to encompass public departments, as highlighted by (Uzarski and Broome 2018). It entails a series of processes aimed at formulating diverse strategies to assist organizations in achieving their short-term and long-term goals. Consequently, the implementation of an Enterprise Risk Management (ERM) framework at the executive level has become an integral aspect of this strategic approach. The emphasis on enhancing customer satisfaction has underscored the importance of employing strategic management tools and techniques, particularly in executing mission-critical initiatives such as risk management frameworks. Taylor, E. L. (2014) stress the significance of strategic management in ensuring the successful launch of startup programs, a sentiment echoed by Cocks (2010) and Harrington et al. (2012), who highlight its role in steering organizational transformation towards competitive success in the marketplace. Recent literature indicates a consensus among researchers regarding the ongoing integration of strategic management into the implementation of crucial programs within organizations Conti (2013) and Kantardjieva (2015). However, there remains a dearth of research focusing on the advantages of incorporating strategic management into the deployment of enterprise-wide risk management frameworks to guarantee the achievement of critical success factors (Oschman 2017).

## **1.1 Objectives**

The objective of this research paper is to report on a method applied to improve risk rating through a peer review approach to safety management in a workplace. A qualitative research approach is adopted to explore and explain how the risk rating in a workplace can be improved, through a peer review behavior stimulation intervention.

## **2. Literature Review**

Dahlgaard et al. (2015) emphasize the essential integration of human resources in strategic management to drive the achievement of organizational vision, mission, and strategy. This collaborative effort involves leaders, managers, and employees in translating customer needs into both short and long-term plans across all divisions (Movahedi and Koupaei 2011). According to Dror and Sukenik (2011), organizations gain a competitive edge when they establish an effective strategic risk management plan, promoting transparency and collaboration within the strategic management framework, fostering commitment and collective innovation. Gates (2010) and Oakland (2011) assert that a strategic management process is fuelled by clear priorities and resource allocation based on five key activities: defining vision and mission, setting strategic objectives, identifying critical success factors, formulating departmental action plans, and outlining individual responsibilities within these plans. A close examination of these activities reveals foundational principles for an integrated risk management framework (Oschman 2017). Goetsch & Davis (2012) and Zink (2011) further highlight these activities as central to translating vision and mission into actionable strategies, goals, and policies, thereby addressing the organization's risk landscape. Therefore, a thorough analysis of strengths, weaknesses, opportunities, and threats, coupled with the integration into a strategic risk management framework, is imperative. Utilizing an information system as a supportive structure for strategy execution is pivotal, alongside leveraging flexibility to bridge internal and external environments. Additionally, foresight in assessing long-term organizational sustainability and competitive dynamics enables the development of a robust risk management framework.

## **3. Methods**

The qualitative case study methodology offers researchers unique opportunities to delve into and elucidate a phenomenon within its specific context, leveraging a diverse array of data sources (Bowen 2009). This methodology ensures a comprehensive exploration of the phenomenon from various perspectives, facilitating a deep understanding and revealing multiple facets of the case at hand (Jansen 2010). In alignment with the objectives of this study, which aims to investigate and elucidate the significance of strategic management in effectively implementing a risk management framework within its contextual conditions. The focal point of this study revolves around the impact of strategic management on the implementation of risk management. The underlying rationale is rooted in the belief that the utilization of sophisticated tools for ensuring the accuracy and reliability of information utilized in managerial decision-making will enhance the success of integrating a risk framework into strategic management practices. Thus, the research adheres to the temporal and spatial boundaries delineated by Creswell and Charmaz et al. (Charmaz & Mitchell 2001). In accordance with the specified boundaries of definition and context and addressing the research question concerning the direct correlation between strategic planning and the successful implementation of a risk framework, the chosen case study approach aligns with the categories of explanatory, exploratory, or descriptive case studies as outlined by Yin and Hallberg (2006). This study aims to yield solutions and recommendations pertaining to the following propositions and concerns: 1) Development of a model for integrating strategic management and risk management for successful implementation. 2) Formulation of a framework for implementing an integrated risk management paradigm. 3) Design and establishment of key performance indicators to guide decision-makers in effectively implementing a risk management framework. Consequently, data processing with advanced tools is imperative to generate decision-making information for business risk management processes. These propositions and issues serve as essential components within a case study research, guiding the development of a conceptual framework (Jansen 2010). Yin and Patton emphasize the significance of employing multiple data sources as a hallmark of case study research, a strategy that enhances the credibility of the data (Patton 2002) and Yin (2003). This case study will employ triangulation of data sources including: i) document analysis and archival records; ii) field notes and journal publications; and iii) a desktop research process. Utilizing multiple methods to study a singular phenomenon enables researchers to draw upon diverse sources of evidence, seeking convergence and corroboration through the utilization of different data sources (Petty et al. 2012). Consequently, credibility is bolstered for the evidence gathered and the subsequent decisions or solutions formulated for the research problem. These methods of data collection enable the observation of theory-in-action rather than relying solely on espoused theory. Researchers can describe observed phenomena and subsequently develop a theoretical framework to elucidate the observed processes within their

contexts, thereby enhancing credibility (Streubert & Carpenter 2002) and (Petty et al. 2012). Therefore, the application of these methods as data collection tools, particularly the utilization of informal participant observation through desktop research, is rational in this study (Baxter & Jack 2008).

#### 4. Results and Discussion

Strategic management implementation involves executing plans and strategies to achieve specific objectives. The strategic plan, a documented roadmap outlining necessary steps, incorporates feedback mechanisms to ensure progress. It addresses the key aspects of achieving goals, encompassing organizational focus and accountability. Implementation follows thorough analysis, including environmental scans and SWOT assessments, to identify strategic issues and goals. Tasks and timelines are assigned to individuals to facilitate goal attainment. Effective implementation requires strong leadership to communicate the vision and engage all stakeholders. Performance measurement tools provide motivation and enable tracking. A strategic map delineates critical factors influencing performance, such as financial aspects, market dynamics, work environment, operations, personnel, and partnerships. Strategic management serves as a fundamental tool across departments like Finance, Marketing, Operations, and Information Technology, driving organizational success. While traditionally associated with the private sector, strategic management is increasingly adopted by public entities. Its purpose is to develop strategies for short-term, medium-term, and long-term goal achievement. Recognizing the presence of various risks, organizations establish parameters to pursue opportunities while mitigating intolerable risks. Leadership ensures that residual risks are managed within defined levels and that the organization remains responsive to emerging risks and opportunities. This approach is embodied in the Enterprise Risk Management Framework and Policy, fostering an integrated view of risk management. (See fig 1).

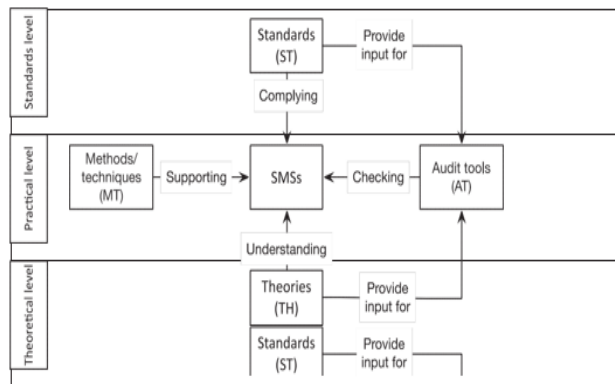


Figure 1: Safety management systems related to Risk management (Li 2018)

The phase succeeding strategy formulation in strategic management is strategy implementation, commonly known as "strategy execution." This phase constitutes the practical realization of the strategic plan, converting tactics into actionable steps or tangible results. It represents the most arduous and resource-intensive aspect of strategic management, yet also the most critical for achieving organizational objectives and ensuring success. While strategy formulation addresses the "what" and "why" of organizational activities, strategy implementation focuses on the "how" of execution: who will perform tasks, when and how often they will be carried out, and where activities will occur.

Moreover, it encompasses not only the adoption of new strategies but also the reinforcement of existing ones that have historically proven effective. Key activities in strategy implementation include defining annual objectives, developing policies for strategy execution, resource allocation, execution of tasks and activities, supervision and control of performance across organizational levels. Moreover, businesses may need to engage in further planning during implementation to address emerging issues. Strategy implementation demands the active involvement of the entire organization. While strategy formulation primarily involves the strategic management team, supported by senior management and key employees, implementation relies on the workforce to execute the plan, with leadership provided by senior management. In essence, strategy implementation is the process through which organizational objectives, strategies, and policies are translated into action, involving the development of programs, budgets, and procedures. Failure to formulate and implement effective strategies jeopardizes the organization's ability to achieve its goals. Incorporating strategic management principles into a risk management framework involves viewing the deployment process as a sequence of events culminating in an incident, such as the implementation of the risk management framework. This entails analyzing and executing the risk management framework at various levels, including strategic, tactical, operational, and application levels (refer to Fig. 2 below).

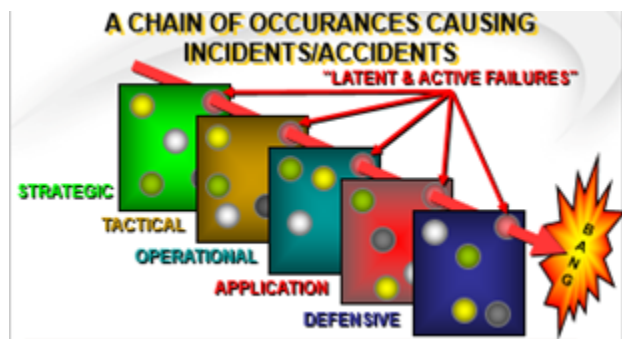


Figure 2: Chain of occurrence method (Adapted from BSMS 2019)

The final phase in the sequence of events involves a defense mechanism aimed at ensuring sustainability and thorough re-evaluation of the implementation process.



Figure 3: Natural Work Teams structure (Adapted from BSMS 2019).

Natural work teams are enhanced by employing a team self-assessment methodology, as illustrated in Figure 3. This approach focuses on continuous improvement at the team level. The ongoing assessment process facilitates the utilization of the Failure Mode and Effects Analysis (FMEA) technique during the defensive phase of the implementation process.



Figure 4: Internal Team goal self-assessment Plan ( Noakes 2005)

As such, integrating a strategic approach into the adoption of a risk framework enables a comprehensive assessment of the business risk landscape and the identification of various risk areas inherent in the operational context (refer to figure 5).



Figure 5: A Business Risk Environment (Li and Guldenmund 2018)

Concluding the risk implementation procedure, strategic management is integrated into the process, adopting a systemic approach combined with creativity to ensure the attainment of desired outcomes (refer to Fig. 5). This represents the practical implementation process employing a real-time integrated strategic project management methodology.



Figure 6: Execution model (BSMS 2019)

The integration of strategic management strategies into the execution of programs like the risk framework results in the alignment of organizational strategy, operational initiatives, and execution processes (refer to Figure 7).



Figure 7: Model for linkage to strategy (Taylor 2014)

## 5. Conclusion

The main aim of this research was to provide insight into the role of strategic planning to implement a risk framework and to answer the research question, Is there a direct correlation between strategic planning and the successful implementation of a risk framework? Relevant literature on risk management definitions, strategic planning definitions, and Risk related articles were studied. These sources revealed that there is a high regard for strategic planning as a dimension in implementing a risk framework successfully. Although these literature sources provided valuable information, the source that provided the answer to the research question the best in terms of supporting the literature research, was that of a qualitative research study that used a triangulation of sources of information, with structured analysis. Strategic planning plays a crucial part in implementing a risk framework. The strategy models provide convincing evidence that the perception of leadership is a bases for success regarding the strategic planning dimension of the framework for the implementation of risk model. The models are an acknowledgement of the importance of strategic planning in implementing a risk framework, despite specific deficiencies. The research contributes to the existing literature by providing a more complete and integrated view on the strategic planning

dimension in support of implementation of a risk framework to boost those business activities that organizations want to perform better than the competition and that create a competitive advantage for them. The research extends ways and approaches to establish strategic planning as a core dimension in the implementation of a risk framework within organizations. Applying from an academic perspective, the research enhances insight, and it is recommended that organizations use strategic planning and its interactions that contribute to a sense of organizational worth and prosperity. Although this statement can be substantiated by the evidence found in this research, it offers several opportunities for further research. Future research would be useful to determine how top management ought to establish unity of purpose and direction through strategic management to create and maintain the internal environment in which people can become fully involved in achieving an organization's objectives. Although the current research focused only on the role of strategic management while implementing a risk framework and strategic planning's contribution as a core dimension to a risk framework implementation. The research also offers several opportunities for further research on core dimensions of strategic management that influence various attributes strategy execution.

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### **Biography**

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