

# “Crafting Business Strategies” Finding the Missing Pieces...

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**Abstract**—In the history of development economics, strategies have been thought of as a key factor in business improvements. The specific objective of this study was to guide operations in the right direction, a company depends on its members so, we focused on the development of employee's behavior, strategies and its effect on the business growth. In this study, we supported the development process of strategies by theories, interviews, papers and we conducted a survey about to support other findings. The research has shown how the Nudge theory and Risk Perception theory have a strong effect on improving any strategies as they focus on employee's behavior and important steps like risk assessment. Strategies should be simple, clear and employees should be involved when establishing it starting by determining the type of strategy, resources, and capabilities. The implementation of the Four A's Framework for managing IT risks as well as the five-step process from an action-oriented approach to work with the political and emotional dynamic. The experiment confirmed that 54 employees have strategies in their organization. Most of the employees are strongly agree that strategies affect the employee's behaviors and that risk management is important for business improvement. As the improvement of any business is becoming essential, related awareness and skills should be developed. For future research sample size should be larger and cover higher levels of employees.

**Index Terms**— Business, Nudge Theory, Risk Mitigation, Risk Assessment, Risk Perception, Strategy, Theory.

**Abbreviations**-- CEO: Chief Executive Officer, ISO: International Organization for Standardization.

## 1. INTRODUCTION

In the history of development economics, strategies have been thought of as a key factor in business improvements. A strategy is a method that has been selected to achieve a goal, solve a problem and establish a desired future, the strategy is the art and science of the most efficient and effective use of planning and marshaling resources. The term is derived for generalship or leading an army from the Greek word <sup>[1]</sup>. Supporting the development process of strategies by theories, interviews, surveys, and papers is very important as it used for a wide range of scientific and industrial processes. The theory is a collection of hypotheses or established facts that aim to provide a rational explanation for causal interactions between several observed phenomena. The origin of the word (from the Greek *thorós*, a spectator), emphasizes the fact that all theories are considered reality's mental models <sup>[2]</sup>. Exploring different strategies is an essential step, it leads us to a better understanding and helps in highlighting the key factors that should be considered in the development of any strategy. Following are one of the famous strategies:

- Three Executive Leadership Strategies in the Medical Field:

Today's dynamic health care environment provides an opportunity for those involved in this field to practice executive leadership which focuses on patient care and the families of patients. The practice is supporting these professionals because it gives them the opportunity to provide patients with healthy and quality care. These strategies are:

1. Develop Leaders at Every Level and Promote them.
2. Ensure Open Communication by using the PACT “Patient Aligned Care Team” System.
3. Make an investment in the growth of leadership <sup>[3]</sup>.

To guide operations in the right direction, a company depends on its members. And in a people-oriented industry such as health care, effective leadership means having the necessary skills to direct, mentor so influence people in ways that benefit the organization and its workers best. As a result, we used these strategies to build and improve strategies that focus on the development of employee's behavior, communication, and patient care. Strategies should be established by the CEO and all directors to meet the Kingdom 2030 vision. Any changes in the future will be made after the higher management approval. All strategies are applied to the entire company and all the business processes must meet it. In this research we will focus on general and risk mitigation strategies.

- General Strategy

In this case the first strategy established to be general and ongoing, the second is about risk mitigation and it is followed by all the departments in the company.

1. We value customer satisfaction, a pillar of our achievements.
2. Honesty and integrity, which develops trust.

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3. Patient care and well-being as they are our eventual beneficiaries.
4. The pursuit of perfection and excellence in all our endeavors.
5. Respect for each individual.
4. Our employees and contribute to their development, while rewarding them equitably.
5. Responsibility and its application in all exchanges.
6. Professionalism and hard work to exceed expectations.

- Risk Mitigation Strategy

In this research case, after the general strategy establishment, the CEO ordered to establish the risk mitigation strategy and it is now in the ISO 9001 document. Risks can be managed through a combination of detection controls, avoidance strategy, and acceptance or transfer to another organization. The respective risk team shall discuss the Risk Mitigation Strategy with management for approval about taking the appropriate action. The strategy indicates four actions shown in Table (1).

think, make decisions and behave; to help people improve their thought and actions and to handle the change of all sorts, recognize and modify existing unhelpful effects on people [4]. In 2008, the U.S. appointed Sunstein as director of the Data and Regulatory Affairs Department, which helped develop the theory. Notable implementations to nudge theory include the establishment of the UK Behavioral Insights Group in 2010. It is often referred to at the UK Cabinet Office as the "Nudge Department" led by David Halpern [5]. Up to now, far too little attention has been paid to the Risk Mitigation Strategy. The Risk Perception Theory is used to enhance the defects that exist in the current Risk Mitigation Strategy. Risk perception is the subjective decision that an individual makes about certain risk characteristics and severity. It is the ability to assess the probability of an incident is to occur and how concerned with its consequences [6]. In 1960, risk perception appeared as a very important concept on the stage of policy. In 1970, risk management became an interest and awakened the question of how individuals deal and mitigate risks. Cognitive psychologists became very interested in investigating how individuals react to risks [7]. To integrate risk perception and mitigation, clear meaning of the term risk is necessary, it can be defined as the possi-

TABLE 1:  
RISK MITIGATION ACTIONS.

Risk Mitigation	Actions to minimize risks to be taken to bring risks to an acceptable level
Treat	Activity to be avoided due to high-risk consequences/likelihood
Terminate / Avoid	Risks to be shared (insurance / outsourced)
Transfer	Risk is acceptable; no further action is required except monitoring.
Tolerate / Accept	Actions to minimize risks to be taken to bring risks to an acceptable level

Like any other strategy, there are cons and pros. From our point of view, the strategy focusses on the customer and gaining their trust this will affect positively the company reputation and improves the company relationship with customers and suppliers. Also, having the development and employees rewarding as a part of the company's strategy is a smart way to increase their trust and productivity. The risk mitigation strategy was established to deal with all type of risks after identifying and classifying it for all departments, it states four actions which may raise the potential of stereotyping between the departments. The current situation is that both strategies are complex to manage, costly and consume time, require a lot of planning and tracking that may interrupt the managers day to day work. Several theories can help in the development of strategies have been proposed. Such as Nudge Theory, the book 'Nudge: Improving Decisions about Health Wealth and Happiness,' published by American academics Richard H Thaler and Cass R Sunstein, coined and popularized Nudge Theory in 2008. The novel is heavily based on the Israeli-American Daniel Kahneman and Amos Tversky's Nobel prize-winning work. Nudge theory is a framework of change management that is highly innovative and effective. Nudge theory is a versatile and innovative change management concept to understand how people

ability of the occurrence of an event or action that results in consequences with negative impacts on what individuals' value. The role of risk perception in risk mitigation is how individuals will decide to make connections between actions or risk events to mitigate the impact, reducing the risks to a tolerable level. How individuals decide to select issues of concern and model likelihood, the decision of what is value and how to define the components of risk and its severity restrict risk to perception [8]. Also, in order to follow the risk mitigation strategy, we must apply risk assessment, each department needs to outline the possible events that have a negative impact and distribution to its business processes. In this research, we tended to focus on how the employee's behavior can improve the business and the risks we face every day. This study was conducted in the form of a survey, with data being gathered from several scientific papers and theories. The overall structure of the study takes the form of six sections, including literature review It will then go on to the methodology and results. After that discussion and conclusion. In the end, Future research and recommendations.

## 2. LITERATURE REVIEW

The importance of strategies in business leads us to investigate and discuss the employees' behavioral impact on the development of the company and how these behaviors affect the risk assessment and mitigation processes. Many prior studies noted the importance of establishing strategies and focused on risks as well as employees' politics and emotions. In this section, we will review these papers to support our findings. Martin in (2014) <sup>[9]</sup> has shown that planning strategies let leaders and directors fall in many comfort traps because strategies are about risk-taking. Martin in this article came up with three simple rules to follow when creating strategies. The first rule is to keep the strategy simple. Second, don't make it perfect. Third, make it crystal clear. In another literature, Bingham, Eisenhardt, and Furrpportunities in (2011) <sup>[10]</sup> highlighted three types of strategies we should understand and compare in order to build our organization's strategies based on its resources, capabilities, and circumstances. Several lines of evidence suggest that the first type: Position Strategy, used to build mutually strengthening resource systems in an attractive strategic position with many resources. The second type: Leverage Strategy, develop to current markets strategically important resources and using them to draw new products and new markets and the third type: Opportunity Strategy, was about Choosing a few tactical mechanisms with deep and quick resources streams and learning simple rules for opportunities to capture. Previous research has been established by Degraev in (2011) <sup>[11]</sup> appears to be positively related to both resource and capability management witch It is defined as a comprehensive process of structuring the company's resource portfolio, bundling resources to build capacity, and leveraging those capabilities to create value for customers and owners and understand their links to organizational performance, and acting to maximize their positive impact. In 2009, a seminal article was published by Westerma <sup>[12]</sup> discussed how IT and business leaders have worked to strengthen the relationship between IT and business. The risk language provides a new approach. This article explains how the concept of the Four A's Framework for Managing IT Risks (Availability, access, accuracy, and agility) can act as a common language through which IT and business leaders develop a shared understanding of the dynamics of organizational transformation and operational resilience. By incorporating risk considerations into all IT processes and decisions, IT and business leaders make better decisions about how their IT-enabled business processes are designed and managed. They can adjust strategic change initiatives to improve resilience, prioritize the improvement of IT assets and develop rules for IT management that is better aligned with business goals. Organizations that are more experienced in IT risk management experience greater organizational cohesion and fewer accidents, as well as more effective and flexible IT. Not only do they manage better IT risk;

they manage better IT. A recent study by Auster and Ruebotom in (2013) <sup>[13]</sup> Involved that there is a fact which is the business leaders cannot afford to ignore the changing policies and emotions that arise in their organization. The article discussed the five-step process: firstly, mapping the political landscape. Secondary, recognizing primary influencers within each stakeholder community. Thirdly, determining the receptivity of influencers to reform. Fourthly, mobilizing prominent supporters and advocates. Fifthly, influencing positive and negative influencers. These steps offer the leaders an easy-to-navigate and action-oriented approach to work with the political and emotional dynamics that can either stymie their best-laid plans or drive a significant transformation. These articles reviews enhanced our study in many ways, in the next section, we will explain our gathering information process set up.

## 3. METHODOLOGY

In order to gain more information and support our study, we established a survey. The main objective of this survey is to explore employee knowledge about these strategies and their effect on business development. Our survey was established on the 5th of November 2019 using Microsoft Forms, targeting employees in private and public sectors and asking eleven different questions related to business strategies, employees' behaviors, and risk management process. This survey was distributed through emails, social media and answered by 63 employees (see Appendix A for survey questions). We also used the results of previous investigations and inquiries to support general conclusions. However, with small sample size, caution must be applied, as the findings might not having enough details to support the study. In the following section, we will discuss the result of this survey and analyze the employees' responses.

## 4. RESULTS

In the following section, we will but together all survey results and discuss their implications on the study. Nine items on the questionnaire measures how employees are aware of strategies, As well as the importance of applying strategies for risk management and how the employee's behaviors affect all strategies. Based on the 63 responses that we received, the mean score for employees working in the private sectors was higher than the public sector. Statically, 54 employees were shown to have strategies in their organization. Most of the employees are strongly agree that strategies affect the employee's behaviors and encouraging employees should be considered when creating the organization strategies. Figure 1 shows the experimental data for employee's knowledge and awareness of the importance of having simple and clear strategies in their organizations.

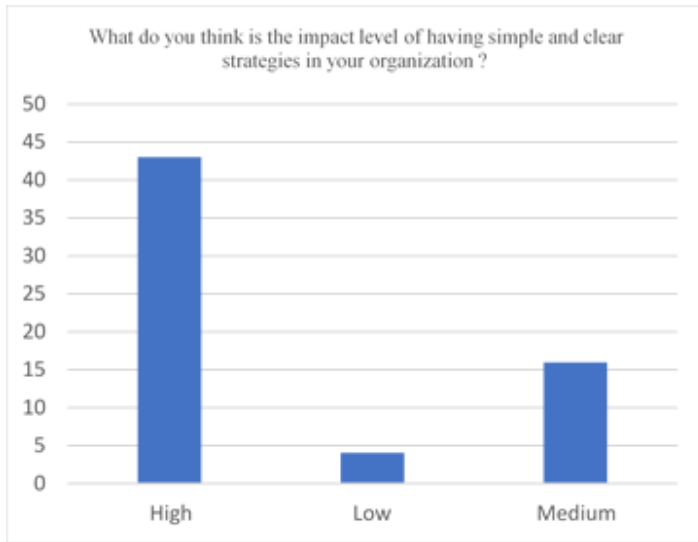


Fig.1.The impact level of having simple and clear strategies in the organization.

Turning now to the experimental evidence on risk mitigation. Unfortunately, there was a piece of strong evidence that a lot of organizations do not have risk mitigation and risk assessment strategies. However, a huge number of responses agree that risk management is important for business improvement. Another supporting result in Figure 2 state that a lot of employees agrees that employee's behaviors have an impact on the risk management process. (For more details on the responses see Appendix B)



Fig.2. Do you think that employee's behaviors have an impact on the risk management process?

Further analysis showed that around 41 employees agree that the risk assessment process is a number one step to highlight the organization's risks. At the end of this survey, it was suggested that "Companies need to be more aware of term strategy they hide as it is confidential from employees". Another suggests was "One of the main things companies should consider is a risk. As they must be prepared for any upscales they could face". Last, suggest was "Risk management is important yet it's not common knowledge. Awareness and skills how to do it should be more enhanced with the business field". In the next section, we will discuss all findings, theories, and reviews of

our study.

## 5. DISCUSSION AND CONCLUSION

At the beginning of this research, we supported our problems with several theories. However, people always make inconsistent decisions and its influenced by emotions, social interactions, and the environment. Applying and understanding the Nudge theory is very important for marketers because it has a remarkable power to change behaviors through cost-effective actions. For any sales company like our case, employee's behavioral must be improved for more effective actions with low costs. based on Nudge, employees should be encouraged to but the patient satisfaction and health first by rewarding, highlighting their achievements and comparing their works with other competitors. Applying Nudge also leads to improve their honesty, integrity, and trust as well as respect. Nudge plays an important role in the Risk Mitigation Strategy, as it works on motivating the employees to comment on the strategy by highlighting the company's strengths and weaknesses, comparing the company performance before and after using it and rewarding. On the other hand, Risk perception plays an important role in the Risk Mitigation Strategy, it affects the decision of the risk team to decide about certain risk severity and characteristics or the decision of whether a certain event or action is risk or no. In addition, risk perception can become an obstacle for management decision making to take action in order to react with risk. Based on the scientific papers we reviewed we came up with very encouraging results. When choosing the right strategy, we must understand the three types of strategies: Position Strategy, Leverage Strategy, and Opportunity Strategy and the decision should be build based on the organization's cultures, industry, and circumstance. This can be considered as a "step one" in making strategies in all organizations. Another finding must be much scrutinized by CEOs and managers that strong and right strategies should be made with simple three roles; keep the strategy simple, don't work hard to make it perfect and make the logic explicit clear. The next finding, while preliminary, suggests that resource and capability management are strongly related and affect organizational performance. Resulting that listing resources is an essential step for the risk assessment process which strongly supports our study. As mentioned in the literature review based on previous studies, the Four A's Framework for Managing IT Risks is an interesting finding. Risk language gives a new approach that should be used by IT and business leaders to make better decisions about designing and managing their IT-enabled business processes. In this paper, managing IT risks that include assessment and mitigation were found to support the importance of applying this process to all company's departments not only IT. This finding supports our study in a strong way. The very interesting fact that we found when reviewing the last paper is that leaders cannot simply ignore the changing of policies and emotions that happen in their organi-



zation. The paper provides CEOs and managers five-step process which easy-to-navigate and action-oriented approach to work with the political and emotional dynamics. Mapping the political landscape, recognizing primary influencers, determining the receptivity of influencers, mobilizing prominent supporters and advocates, influencing positive and negative influencers. The overall response to the survey was strongly supportive. Over half of those surveyed reported that having simple and clear strategies in their organizations is highly important. As we proved this before in the literature review, creating clear strategies will improve the business in a strong way, most of the employees had strategies in their organizations so, they have at least minimum knowledge about the meaning of strategies. 70% of the employees agreed that employee's behaviors have a large impact on strategies in general and on the risk management process. They do know how important the risk management strategy is and how it can benefit the business. However, a lot of organizations do not have one. The main objective of our study is to highlight how important is risk management to all businesses. Understanding the concept of risk management will result in better business management. As state in our study, most employees agree that the risk assessment process is a starting step to the whole risk management process. The purpose of the current study was to determine the importance of strategies to be established and followed in business. The research has also shown how the Nudge theory and Risk Perception theory have a strong effect on improving any strategies as they focus on employee's behavior and minor important steps like risk assessment. One of the more significant findings to emerge from this study is that strategies should be simple, clear and employees should be involved when establishing it starting by determining the type of strategy, resources, and capabilities. Other findings were the implementation of the Four A's Framework for managing IT risks as well as the five-step process from an action-oriented approach to work with the political and emotional dynamic. On the other hand, the experiment confirmed that the employee's behavior affects any strategy and supports this study by highlighting the importance of the risk assessment process Figure 3 is showing the Finale Module.



Fig.3. Final Module

However, in this study, we faced several limitations starting with our survey sample size. Referencing to employed Saudi persons in 2019, they are more than 10085.90 people [14]. So, this sample size is very small and did not allow us to have more accurate results. This study also was limited by the absence of managers and directors' feedback their strong knowledge and background have a large impact on the results. Cutlers and the organization's circumstances make these findings less generalizable. It is unfortunate that the study did not have enough time to expand the sample size and include all levels of employees. Based on the limitations we had, in the next section, we will discuss several recommendations can benefit future research.

## 6. RECOMMENDATIONS FOR FUTURE RESEARCH

As the improvement of any business is becoming an essential these days, making strong and clear strategies covered the all-important aspect in the organization is very important. Employees, directors, and managers need to fully understand the implications of strategy on businesses. Focusing on employees' behaviors and experimental investigations need to be carried out in order to have more accurate results. For future research sample size should be larger and should cover CEOs, managers and other employees. Needs to examine more closely the links between the private and public sectors in terms of building strategies. Experiments, using a large amount of time could shed more light on the current state of the strategies building process. Organizations in different industries should be included. More Surveys and interviews could also be conducted to determine the effectiveness of these results.

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## APPENDIX A: SURVEY QUESTIONS

IJSER

**Business Strategies**  
Finding the Missing Pieces...

**Required**

1. In which sector do you work ? \*

Public  
 Private

2. Do you have any strategies that you follow in your organization ? \*

Yes  
 No

3. What do you think is the impact level of having simple and clear strategies in your organization ? \*

High  
 Medium  
 Low

4. Does having strategies affect the employee's behaviors ? \*

Yes  
 No

5. Do you agree that encouraging employees should be considered when creating the organization strategies ? \*

Agree  
 Disagree

6. Does your organization have risk mitigation strategy ? \*

Yes  
 No

7. In your point of view, do you think that risk management is important for business improvement ? \*

Yes  
 No

8. Do you think that employee's behaviors have an impact on the risk management process ? \*

Yes  
 No

9. Does your organization have risk assessment strategy ? \*

Yes  
 No

10. In order to highlight the organization risks, what is the most important step to start with ? \*

11. Any other comments ?

Never give out your password. Report abuse

Fig.4. Survey Questions

## APPENDIX B: SURVEY RESPONSES





Fig.6. Survey Responses (2).

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