



## A STUDY OF STRATEGIC MANAGEMENT CENTERED APPROACH: A STUDY OF INVESTIGATION INTO THE EFFECT OF RISK PRODUCTIVITY IN SELECTED INDUSTRIAL UNITS IN YAVATMAL DISTRICT

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### ABSTRACT

The present study was made an attempt to identify the various industrial unit in Yavatmal district. The study also identifies the strategic risk management in industrial units due to assistance of local bodies in Yavatmal district.

This Paper present result of data collected from industrial management authorities, insurance agents as well as local bodies in Yavatmal District and interpretation of results obtained after analysis of data. For the study purpose, 200 industrial units were selected from Yavatmal District. In addition to this, 100 insurance agents associated with different insurance companies as well as 15 local bodies representative 1 from each tehsil. Hence, data from total 315 (200+100+15) respondents was collected in the study. The collected data was analysed by using appropriate statistical tools. Descriptive statistics such as frequency and percentage, mean etc.

**KEYWORDS:** various industrial unit , strategic risk management , collected data.

### INTRODUCTION

Risk management is an activity which integrates recognition of risk, risk assessment, developing strategies to manage it, and mitigation of risk using managerial resources. Some traditional risk managements are focused on risks stemming from physical or legal causes (e.g. natural disasters or fires, accidents, death). Financial risk management, on the other hand, focuses on risks that can be managed using traded financial instruments. Objective of risk management is to reduce different risks related to a pre-selected domain to an acceptable. It may refer to numerous types of threats caused by environment, technology, humans, organizations and politics. Present research is to make an attempt to identify the risks faced by the various Industrial units in Yavatmal district and examined the different Strategies adopted by industry for risk management.

### RISK

Risk is unavoidable and present in every human situation. It is present in daily lives, public and private sector organizations. Depending on the context (insurance, stakeholder, technical causes), there are many accepted definitions of risk in use.

The common concept in all definitions is uncertainty of outcomes. Where they differ is in how they characterize outcomes. Some describe risk as having only adverse consequences, while others are neutral.

One description of risk is the following: risk refers to the



uncertainty that surrounds future events and outcomes. It is the expression of the likelihood and impact of an event with the potential to influence the achievement of an organization's objectives.

The phrase "the expression of the likelihood and impact of an event" implies that, as a minimum, some form of quantitative or qualitative analysis is required for making decisions concerning major risks or threats to the achievement of an organization's objectives. For each risk, two calculations are required: its likelihood or probability; and the extent of the impact or consequences.

Finally, it is recognized that for some organizations, risk management is applied to issues predetermined to result in adverse or unwanted consequences. For these organizations, the definition of risk which refers to risk as "a function of the probability (chance, likelihood) of an adverse or unwanted event, and the severity or magnitude of the consequences of that event" will be more relevant to their particular public decision-making contexts.

Williams and Schroder (1999) claimed that risk is a very broad subject because everything we do has an element of risk. It is a complex concept, which does not easily lend itself to a neat, one line definition (Cross, 2000). Understandably, there are many different definitions of risk.

Fleisher (1990) suggested that although there is no universally accepted definition of risk, several working definitions are commonly used. He went further to indicate risk as a situation in which the resolution of uncertainty will affect the well-being of a firm or decision maker and which involves the chance of gain or loss. Krause (1995) defined risk as the estimated measure, or probability, of something happening. According to Cooper *et al.* (1993) and Williams and Schroder (1999), a state of risk is considered to exist whenever knowledge of the situation enables the likelihood of the various possible events to be assessed in advance.

Risk is used by some authors to describe situations where one can attach probabilities to the occurrence of events influencing the outcome of a decision (Mishra, 1996). Likewise, Just *et al.* (2003) referred to risk as situations in which the objective probability distribution of outcomes is known by the decision-maker. In other words, risk is considered as uncertainty with consequences (Blackburn *et al.*, 1994; Hardaker *et al.*, 1997; Cross, 2000). Risk occurs when there is a chance of something happening that will have an impact upon objectives.

### RESEARCH OBJECTIVES

1. To study the risk management tasks and roles in industrial units.
2. To study the insurance covered by the industries for all operations.
3. To evaluate role of employees in industrial unit regarding risk management activity.

### RESEARCH HYPOTHESIS

1. Risk management tasks and roles are clearly defined in industrial units.
2. Industrial units in Yavatmal District have right insurance cover for all operations.
3. Employees in industrial unit participate in risk management activity.

**Awareness of risk management members for consulting specialist for getting information about risk management in the unit**

**Table 1: Information regarding awareness of risk management members for consulting specialist for getting information about risk management in the unit**

Awareness of risk management members about getting information regarding risk management and which specialist to contact	Frequency	Percentage
Yes	162	81.0
No	10	5.0
Can't Say	28	14.0
<b>Total</b>	<b>200</b>	<b>100</b>
<b>Chi Square</b>	<b>df</b>	<b>Sig.</b>
<b>48.13</b>	<b>2</b>	<b>0.000</b>

Above Table No. 1 illustrates responses of authorities of industrial units in Yavatmal District regarding awareness of risk management members for consulting specialist and for getting information about risk management in the unit. It is evident from the information that according to 81% authority risk management members are aware about contacting concerned person from which they can get information of risk management whereas 14% authorities are uncertain regarding awareness of risk management members in the unit about contacting concerned person for getting information about risk management. In addition to this, 5% authorities reported that employees working in the unit are not aware of contacting concerned person for getting information about risk management. The non-parametric chi square statistics demonstrate that there is significant (Chi Sq. – 48.13; df- 2; P<0.05) difference among opinion of industry representatives about awareness of risk management members for consulting specialist and for getting information about risk management. Thus, it is evident from the above information that risk management members working in significantly (P<0.05) high percentage of industrial units in Yavatmal District are aware of contacting concerned person for getting information about risk management.

#### Risk management tasks and roles clearly defined in the unit

**Table no 2: Information about defining risk management tasks and roles clearly in the unit**

Defining risk management tasks and roles clearly in the unit	Frequency	Percentage
Yes	179	89.5
No	4	2.0
Can't Say	17	8.5
<b>Total</b>	<b>200</b>	<b>100</b>
<b>Chi Square</b>	<b>df</b>	<b>Sig.</b>
<b>60.81</b>	<b>2</b>	<b>0.000</b>

Above Table No. 2 illustrates responses of authorities of industrial units in Yavatmal District about defining risk management tasks and roles clearly in the unit. It is evident from the information that according to 89.5% authority, risk management tasks and roles are clearly defined in the unit whereas 8.5% authorities are uncertain regarding risk management tasks and roles clearly defined in the unit. In addition to this, 2% authorities reported that risk management tasks and roles are not clearly defined in the unit. The non-parametric chi square statistics demonstrate that there is significant (Chi Sq. – 60.81; df- 2; P<0.05) difference among opinion of industry representatives about defining risk management tasks and roles clearly in the unit. Thus, it is evident from the above information that risk management tasks and roles clearly defined to the employees working in substantially (P<0.05) high percentage of industrial units in Yavatmal District.

**Table No. 3: Information regarding participation of employees in the risk management activities in the unit**

Participation of employees in the risk management activities	Frequency	Percentage
Yes	132	66.0
No	22	11.0
Can't Say	46	23.0
<b>Total</b>	<b>200</b>	<b>100</b>
<b>Chi Square</b>	<b>df</b>	<b>Sig.</b>
<b>12.19</b>	<b>2</b>	<b>0.000</b>

Above Table No. 3 illustrates responses of authorities of industrial units in Yavatmal District regarding participation of employees in the risk management activities in the unit. It is evident from the information that according to 66.0% authority employees participate in risk management activities whereas 23.0% authorities are uncertain about participation of employees in risk management activities. In addition to it according to 11.0% authorities employees do not participate in risk management activities. The non-parametric chi square statistics demonstrate that there is significant (Chi Sq. – 12.19; df- 2; P<0.05) difference among opinion of industry representatives about participation of employees in the risk management activity. Thus, it is evident from the above information that considerably (P<0.05) high percentage of employees of the industrial units in Yavatmal District participate in risk management activities.

### CONCLUSION

Employees working in most of the industrial units in Yavatmal District are aware regarding risk management. Risk management is followed in industrial units. Risk management is very important for industries. Industrial units in Yavatmal District get support from management about risk management. General policies of risk management is included in the operational policy of industrial units in Yavatmal District. Individual risk management control measures are carried in industrial units. Improvement in process is done before problems arise in industrial units. Risk management training is provided by in industrial units to the employees. Risk management members working in industrial units are aware of contacting concerned person for getting information about risk management. Risk management tasks and roles clearly defined to the employees working in industrial units.

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