

BUCHAREST UNIVERSITY OF ECONOMIC STUDIES



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DOCTORAL THESIS

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Title:

**IMPROVING RISK MANAGEMENT IN SMEs TO INCREASE
BUSINESS PERFORMANCE IN INSURANCE INDUSTRY IN
PALESTINE**

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Abstract

Rezumat

Acknowledgment

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Keywords:

Risk management, SMEs, Business performance, Insurance industry, Palestine, ISO 31000.

Synthesis:

Risk management is critical in today's volatile economic environment, where poorly managed risk could cause the collapse of many enterprises, especially those whose core business deals with day-to-day handling of risks. Sudden disruptions and emerging risks can significantly impact business performance. The Palestinian insurance sector, a vital component of the national economy, faces unique continuous challenges due to political instability, regulatory constraints, and market dynamics. SMEs within this sector must integrate risk management practices into their processes, systems, and culture.

The study aimed to investigate the impact of risk management practices on business performance by examining the relationships between business performance and the risk management steps (risk identification, risk analysis, risk assessment, risk treatment, and risk monitoring and review) of SMEs in the Palestinian insurance industry.

A combination of qualitative and quantitative approaches was adopted in this exploratory research, with the target population consisting of 12 registered insurance companies in Palestine. The study used both primary and secondary data. Primary data was collected through semi-structured interviews with ten Palestinian insurance experts and questionnaires with 308 employees in Palestinian insurance companies. Secondary data was collected via a literature review, including books, journal articles, online research, and annual reports. To answer the study questions, the researcher followed thematic analysis techniques for the interviews and statistical analysis techniques such as descriptive statistics, correlation analysis, and regression analysis using SPSS software for the questionnaires.

The results of the study confirmed that effective risk management is crucial for improving business performance. In particular, steps such as analyzing, evaluating, monitoring, and reviewing risks were found to have a statistically significant positive impact on overall business performance. On the other hand, identifying and treating risks showed less noticeable impact, highlighting the need for more improvement and attention in those steps.

The study recommends that Palestinian insurance companies enhance risk management and business performance by investing in advanced risk analysis tools and continuous employee training, implementing systematic risk monitoring and automated tracking, and adopting comprehensive frameworks like the ISO 31000 model for managing risks. Fostering a risk-aware culture through regular training, leveraging technology such as data analytics and AI, collaborating with stakeholders, and regularly updating risk management policies are also essential for addressing current and emerging risks effectively. This study concludes with the critical role of improving effective risk management in increasing business performance in the insurance industry in Palestine. This research contributes to existing literature on risk management in the insurance industry, particularly in the context of SMEs in Palestine. It offers a valuable resource for academics, practitioners, and policymakers aiming to improve risk management practices and enhance the resilience and performance of SMEs in challenging environments.