

Risk management and strategic improvement of corporate sustainability for multinational companies

Nasser Mohammed Lasloom
Elena Grigorieva
Peoples' Friendship University of Russia
Moscow, Russia

Keywords

Risk, Risk Management, Multinationals, Saudi Arabia, Strategy

Abstract

Risk management which occurs everywhere in the realm of finance allows organizations attempt to prepare for the unexpected by minimizing risks and extra costs before they happen. This is done by implementing a risk management plan and considering the various potential risks or events before they occur. Descriptive statistics using a frequency distribution and percentage distribution were used to analyse the data gotten from five multinational companies in Saudi Arabia. Chi-square (X^2) test was also used as the statistical tool to test for the hypothesis. The study shows that risk identification, risk evaluation and analysis, risk policy implementation and risk prevention are more efficient and influential factors to consider in contributing to the financial risk management practices of many multinational organizations. In pursuit of corporate sustainability, multinational companies are thus advised to put more attention on these factors in implementing risk management plans.

1.0 Introduction

Risk management is the process of identifying, evaluating, and controlling threats to an organization's capital and revenue. These threats or risks can arise from a wide variety of sources, including financial uncertainty, legal obligations, governance errors, accidents, and natural disasters. Threats to IT security and data risks and risk management strategies to mitigate them have become a top priority for digital companies. As a result, a risk management plan includes more and more processes for companies to identify and control threats to their digital assets, including private corporate data, personal customer information (PII), and intellectual properties.

All businesses and organizations face the risk of unexpected and damaging events that could cost the company money or lead to its eventual closure. Risk management allows organizations to try to prepare for surprises by minimizing the risks and additional costs before they occur. The implementation of a risk management plan and considering various potential risks or events before they occur, can help an organization save money and protect its future. This is because a robust risk management plan will help a company establish procedures to avoid potential threats, minimize their impact if they occur, and manage results. This ability to understand and control risk allows organizations to have more confidence in their business decisions. In addition, sound corporate governance principles that emphasize risk management can help a company achieve its goals.

Risk management occurs in all finances. It can happen in different scenarios like when an investor buys Treasury instead of corporate bonds, when a fund manager hedges its exposure to the exchange rate with exchange rate derivatives and when a bank performs a credit check on an individual before issuing a line of credit. Improper risk management can have serious consequences for businesses, individuals and the economy.

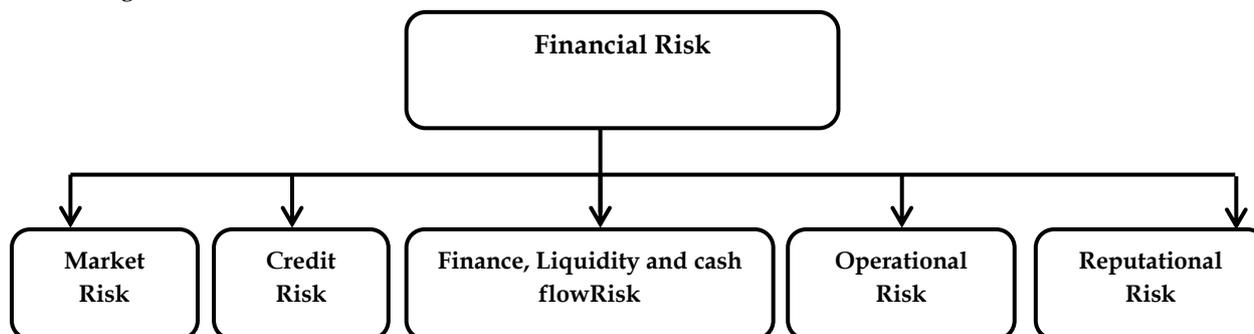
As a result of the state of uncertainty, most organizations have implemented risk management processes to identify, assess, and respond to these unavoidable risks. There is often a critical gap in this risk identification process.

Strategic risk management, as reported in a recent study by McKinsey & Company is the process of identifying, assessing, and managing risks in an organization's business strategy, which includes taking action when risks materialize.

Financial risk management is the process of understanding and managing the financial risks your business may face, either now or in the future. It's not about eliminating risks, because few companies are prepared adequately against risk. The idea is to understand the risk companies are willing to take and risks they prefer to avoid and how to develop a strategy based on appetite for risk.

Many financial analysts classify financial risk into five (5) main parts:

Diagram 1



Market risks: these are the financial risks that are derived from possible losses due to changes in future prices or market rates. Price changes are often related to interest rate or exchange rate movements, but they also include the price of commodities that are essential to the business.

- Credit risks: financial risks associated with the possibility of default by the counterparty. Credit risks often arise because customers do not pay for goods delivered on credit. Exposure to credit risk increases significantly when a company relies heavily on a small number of large customers who have had access to a significant amount of credit. The importance of credit risk varies across sectors and is high in the area of financial services, where short- and long-term loans are critical to the business.

- Financing risks, liquidity and cash flows: Financing risks affect an organization's ability to obtain ongoing funding. An obvious example is a company's dependence on access,

- Credit from bank: Liquidity risk refers to the uncertainty about a company's ability to close a position at low or zero cost and is also related to the availability of sufficient funds to meet financial obligations when it claims. Cash flow risks are related to the daily operation cash flow volatility of the business.

- Operational risk: this risk is the result of performing the business functions of a business that takes into account the people, systems and processes by which a company operates. It also includes fraud risks, legal risks and environmental risks. It can be defined as the loss that an institution suffers due to inadequate or failed internal processes, people, and systems. It is not used to generate benefits such as credit risk and market risks.

Reputational risk: It's a type of financial risk which is related to the trustworthiness of business or an organization or an institution. It adversely affects the reputation of an organization which are likely to destroy the value of the shareholders. It results to loss of revenue, litigation, adverse publicity, withdrawal of chief employees, fall in share values, loss of trade partners. Sometimes it is used as a tool for crisis prevention but in extreme case may even lead to bankruptcy.

2.0 Literature Review

Risk is often defined as the likelihood or threat of damage, injury, liability, loss, or any other adverse event caused by external or internal factors, which can be avoided by taking appropriate actions. Risk is a function of the likelihood that something will happen, and the degree of loss incurred as a result of the situation or activity. Losses can be direct or indirect. Indirect losses include loss of reputation, loss of customer confidence, and increased operating costs during recovery.

The likelihood that something happens will affect the achievement of goals (Basel Banking Supervision Committee 2005). Risk management is simply the practice of systematically choosing cost-effective approaches to minimize the impact of a threat on an organization. All risks can never be completely avoided or mitigated by financial and practical constraints alone (Moteff, 2005). Risk

management is defined as the identification, assessment and prioritization of risks, followed by the coordinated and economical use of resources to minimize, monitor and control the likelihood and / or impact of adverse events, or to maximize opportunities.

Risks can arise from uncertainty in financial markets, project failures, legal obligations, credit risk, accidents, natural causes and disasters, and deliberate attacks by an attacker. Risk management strategies include transferring risk to another party, avoiding the risk, reducing the negative impact of the risk, and accepting the consequences of a particular risk (Hubbard, 2009). An effective risk management system minimizes the complexity of planning, executing and managing overall business management, which is critical to success, and increases business profitability. The client is happy and safe when he / she invests in a risk-free business and wants to be equally happy with every new opportunity.

Management and profitability are closely related aspects and should be treated with special emphasis. If the business is to achieve high profitability over a period of time (Gizycki, 2001; Paulinus, E.C., & Jones, A.S. 2017). In general, the financial system is more than just institutions that facilitate payments and provide loans. This includes all the features that direct the actual resources to their end user. It is the central nervous system of a market economy, containing a number of separate but dependent components that are necessary for its efficient and effective functioning. These components include financial intermediaries such as banks and insurance companies that act as primary agents for making commitments and receiving claims. The second component is the markets in which financial assets are exchanged, and the third is the infrastructure component, which is necessary for effective interaction between intermediaries and markets. These three components are inextricably linked (Adeoye & Amupitan 2015). Increasing shareholder returns, reflecting the bank's performance, is one of the important tasks of bank management. The goal is often achieved at the expense of increased risk. The Bank faces a variety of risks such as interest rate risk, market risk, credit risk, off-balance sheet risk, technology and operational risk, foreign exchange risk, country risk, liquidity risk and insolvency risk (Tandelilin, Kaaro, Mahadwartha, & Supriyatna, 2007).

The risk management process, as mentioned by Soyemi, Ogunleye, and Ashogbon (2014), includes:

Risk identification: for proper risk management, the organization must recognize and understand the risks, which may consist of both existing and new business initiatives; Risks associated with lending activities include, for example, credit, liquidity, interest rate and operational risks. Risk identification must be an ongoing process and must be understood at both the transaction and portfolio level.

Risk measurement: Once the risks have been identified, they must be measured to determine their impact on the bank's profitability and capital. This can be done using different techniques ranging from simple models to sophisticated models. Accurate and timely risk measurement is critical to effective risk management systems. An institution that does not have a risk measurement system has a limited capacity to monitor or control risk levels. Banking institutions should periodically test their Business Measurement Instruments,

Risk monitoring: Institutions should establish an effective management information system (MIS) to monitor risk levels and facilitate the timely review of risk positions and exceptions. Follow-up reports should be periodic, timely, accurate and informative and should be distributed to the right people to ensure action, if necessary.

Risk control: After measuring risk, an institution shall establish and communicate risk restrictions through policies, rules, and procedures that defines responsibility and authority. These limits should serve as a means to control exposure to various risks associated with the activities of the banking institution. Institutions may also apply different mitigation tools to minimize exposure to different risks. Institutions should have an established process in place to authorize exceptions or changes in risk limitations and document them if necessary.

Many multinational companies run the risk of foreseeable gains / losses due to unforeseen exchange rate changes. As a result, many researchers have conducted various research on financial risk management. Financial risk studies grew rapidly, especially after the financial recession of the 1990s. It contains an extensive set of literature and theories on why companies manage their risk, including exchange rate and interest rate risk. Risk management has become an important management function, especially after the increase in foreign exchange market volatility. Financial analysts and top financial

executives' comment on financial risk management. Many multinational companies have also proposed studies and research articles, as well as strategic planning, which allow them to manage their financial risks and any type of risk.

The Controller's Handbook (1997) describes derivatives that basically derive their value from the performance of an underlying interest rate or the prices of currencies, stocks, or commodities. In this article, financial risk is divided into five categories and different management techniques are discussed to eliminate the effect of all different types. Preventive measures such as Value-at-Risk (VAR) are one of the most common methods used by banks to predict total price risk.

Shehzad L. Mian (1997) provided evidence on the determination of business coverage decisions. It discloses the evidence in light of the current required financial reporting requirement and, in particular, the restriction imposed on the coverage forecast. Multinational companies are exposed to so many uncertainties about different prices. Hedging typically refers to the general risk management policies of a commercial and financial company on how to minimize risk. Hedging was one of the most important preventive measures that most multinational companies in other countries used to identify risks at all levels and also offer a bidding solution.

3.0 Research methodology

This section gives details of the statistical method that is employed in the study. The data was gotten from a primary source of data collection. A questionnaire was used as the instrument in gathering the data for analysis; the questionnaires were well-structured and close ended questions that could help in collecting enough information from the respondents. The questionnaire is divided into several parts and sections.

The study populations were five (5) different multinational companies in Saudi Arabia which includes SABIC, Saudi Aramco, Wison, ExxonMobil and Aramco Trading Company. These five companies were considered as one of the top multinational companies in the country and even globally. Samples were drawn out from the five companies by different sampling techniques which include both the random and non-random sampling methods.

3.1 Sample size determination

Given the parameter below

n = desired sample

p = proportion of target population estimated to have similar characteristics

d = error margin

$Z_{\alpha/2}$ = reliability coefficient (1.96)

The sampling size computation formula is:

$$n = \frac{Z_{\alpha/2}^2 pq}{d^2}$$

$$q = 1 - p$$

The proportion of target population (p) is estimated 0.5 considering that samples were collected from the population at equal proportion. The error margin (d) is 0.05 by default statistically, the confidence interval is 1.96 by default according to the properties of Normal distribution and lastly q is 0.5 as well.

$$n = \frac{1.96^2(0.5)(0.5)}{0.05^2} = 384.16 \approx 384$$

The total numbers of 384 questionnaires were administered and feedback was gotten from them for proper analysis.

Method of data analysis

A descriptive statistic using a frequency distribution and percentage distribution were used to analyse the data gotten from the questionnaire. Chi-square (X^2) test was also used as the statistical tools to test for the hypothesis before drawing a conclusive decision.

The Chi-square test denoted by χ^2 is a statistical measure for comparing sample variance to theoretical variance. It is a non-parametric test used to determine if categorical data shows dependency or were independent. It can also be used to make comparison between theoretical population and actual data when categories were used. The test is used for the following:

Test the goodness of fit.

Test the significance association between two attributes.

Test the homogeneity or the significance of population variance.

Chi-square statistics, the test is given by:

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i}$$

Where:

O_i = Observe frequency

E_i = Expected frequency

And

$$E_i = \frac{R_t \times C_t}{G_t}$$

Decision Rule: Reject H_0 if p-value < 0.05 otherwise accept H_0

3.3 Descriptive Statistics

Demographic analysis shows that 34.5% of the respondents work in the finance and account department, 27.4% work in the business development department, 21.3% work in the risk and compliance department, 6.3% work in the other (specify) department, 4.2% work in the engineering and project department, 4.2% also work in the strategic planning department while only 2.1% work in the exploration and production department. As regards duration of service the demographic analysis that 52.1% of the respondents have been employed about 10-15 years ago, 23.9% have been employed for 5-10 and 16&above respectively. On nature of engagement 96.1% of the respondents are full time workers while 3.9% were employed on contract basis. Age of respondent analysis shows 53.1% of the respondents falls within the age bracket 30-39, 36.1% fall within 20-29, 6.2% fall within 50 years and above while 2.1% are within age bracket 40-49. Gender shows 97.9% of the respondents were males while only 2.1% were females. On management experience 56.1% have approximately spent 5-10 years in managerial role, 33.9% have only spent 1-5 years in similar role, while only 10% have spent just 10-15 years in a managerial role. Lastly, academic qualification analysis shows 55.8% of the respondents are bachelor's degree holder while 44.2% are Higher Degree holder.

Financial Risk Management Practice

Analysis of respondents' datashows 46.1% of the respondents rated financial risk high, 26.1% rated it very high, 15.8% rated as moderate, 7.9% decline the response while only 4.2% rated it low. On companies' efforts risk management practice, 100% of the respondent agrees that their companies identify the sources of risks and developed an appropriate management response, 100% agree that their respective company have a formulated and effective risk management policy and that the policy will enhance their financial performance and corporate sustainability and profitability. 92.1% of the respondent agrees that their firm risk management approach reflects then unique challenges and risks faced within the sector while 7.9% disagree with this statement, 100% of the respondents allocate time, budget and resources for a risk management plan and framework, 93.9% of the respondents' states that their respective companies have developed and implemented a desired risk management culture while 6.1% have not. On expertise input, 90% of the respondents stated that their respective firm brings different areas of expertise in analyzing, monitoring and responding to risk while 10% of them have not, shows that 50% of the respondents stated that financial and tax risk has the highest significant contribution to the achievements of its corporate objectives, 27.9% stated that its significances is only high while 22.1% stated that it on an average measure.

Financial and Tax Risks Reflection on Profitability Measures

On the reflection of financial and tax risk on profitability, 65.8% of the respondents strongly agree that their companies' business activities and operations are exposed to financial risk, 12.4% agrees, 19.7% of the respondents stay neutral to the statement while 2.1% disagree with it, 51.8% of the respondents strongly agree that financial risk is an integral part of their business and projects operations, 40% also agree with this while only 8.2% stay neutral. On company share impact, 77.6% of the respondents strongly agree that financial risk has a significant impact on company's share price behavior, 14.2% also agree with this, 6.1% were neutral to this question while 2.1% disagree with it. On variable that could have impact on the company business activities, 70% of the respondents strongly agree that cash flow volatility, commodity prices, foreign exchange rates and interest rate have an impact on company business activities and operations while 30% also agrees. As to the variables that can be used to hedge and mitigate the impact of financial risk shows that 43.7% of the respondents strongly agree that derivatives are used by their companies to hedge and mitigate the impact of financial risk, 27.9% also agree with this, 22.1% disagree with this, 4.2% stay neutral to the question while 2.1% strongly disagree with the statement, 44.2% of the respondents agree that financial risk of their organization can be effectively manage through analysis and implementation of policies and evaluation, 43.7% strongly agree with this, 10% stay neutral while 2.1% disagree with the statement. Figure 22 shows that 57.9% of the respondents strongly agree that financial risk is considered an important factor in determining the overall financial performance and health of their companies, 28.2% also agree with this while 13.9% of the respondents stay neutral.

Relationship of financial & tax with other key risks

On relationship financial and tax risks with other key risks, that 53.4% justify that there is a strong relationship between financial & tax risk and other key operating and non-operating risk in their respective companies, 44.2% testify that the bonding between them is very strong, 3% stated that there exists no relationship of such while 2.1% justify that there exists a weak relationship between financial & tax risk and other key operating and non-operating risk. 52.1% of the respondents agree that the state of managing and controlling financial, operating, moral hazard and other non-financial risks shows a very strong significant aspect of their firm decision process, 37.9% justify its significances to be strong, 7.9% justify that the significances level in very weak while 2.1% believes that the significances level is weak. On ways of financing risks, 46.1% of the respondents use risk retention as a method to finance its risks while 53.9% does not. Figure 26 show that 60% of the respondents use cost of funding to finance its risks while 40% does not, 67.9% of the respondents finance its risks through advance or contingency funding while 32.1% does not, 28 show that 70% of the respondents finance its risks through borrowing or loan finance while 30% does not.

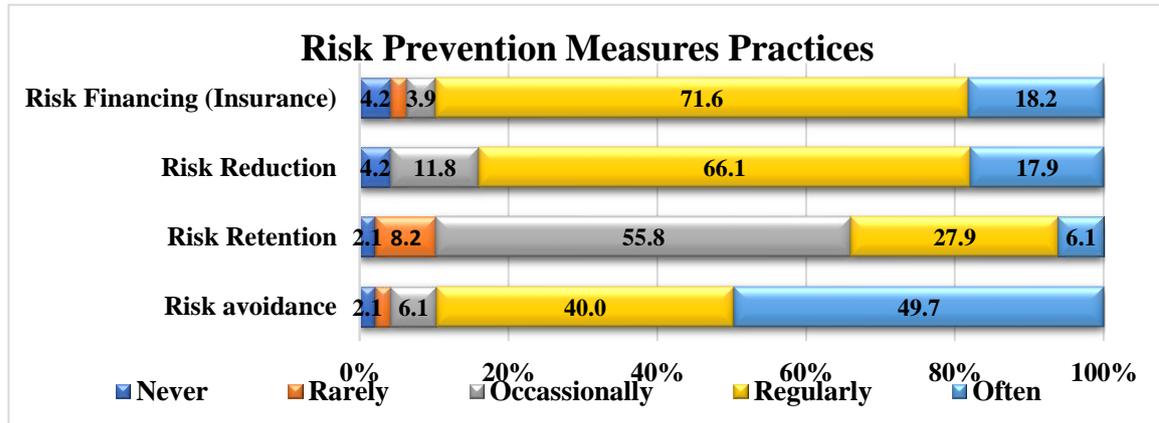
Risk Analysis and Evaluation Method

On methods used for risk evaluation 57.9% of the respondents regularly use brainstorming as a technique in evaluating and analyzing its risk, 26.3% occasionally uses brainstorming while 15.8% often uses it. 76.1% of the respondents regularly use Sensitivity Analysis as a technique in evaluating and analyzing its risk, 13.9% often uses Sensitivity Analysis, 6.1% rarely uses it while only 3.9% occasionally uses it. 40.3% uses Probability Analysis to analyze and evaluate its risks, 31.8% often uses probability analysis, 19.7% uses it occasionally, 6.1% rarely uses it while 2.1% never uses at all. 42.4% never uses Delphi Method to analyze and evaluate its risk, 35.8% uses it occasionally, 19.7% rarely use it while only 2.1% regularly uses Delphi Method to analyze and evaluate its risk. 35.8% of the respondents' occasionally uses Monte Carlo techniques to analyze and evaluate its risks, 32.4% does not make use this method, and 29.7% rarely uses it while 2.1% often uses this method as well. 49.5% of the respondents regularly use Decision theory to analyze and evaluate its risk, 22.4% does not use this method, 16.1% occasionally uses Decision theory, and 10% rarely uses this method while 2.1% often uses this method. 47.9% uses Scenario Approach to evaluate and analyze its risk, 23.9% often uses this method, and 16.3% does not use the method while 11.8% occasionally uses it. 29.7% rarely uses Utility Theory to evaluate and analyze its risks, 27.7% does not make use this method, and 13.9% regularly make use of the method while 4.2% uses it often. 21.8% often and rarely make use of Simulation Analysis respectively to analyze and evaluate it risk,

32.1% regularly use it, and 20% occasionally use it while only 4.2% does not use it at all. 38 shows that 33.9% of the respondents use Fault Tree Analysis to analyze and evaluate its risk, 27.6% rarely uses this method, and 26.1% occasionally uses this method while 12.4% does not make use this method for analysis and evaluation of their risks.

Risk Prevention Measures.

Figure 1



Source: Author

Figure 2

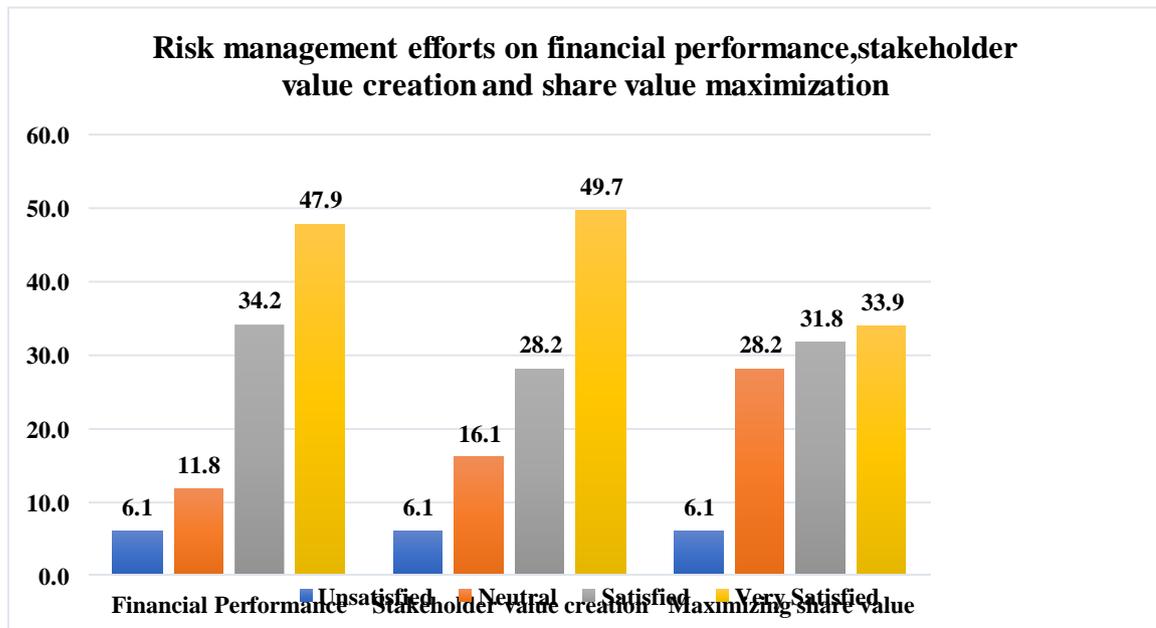


Figure 1 shows that 49.7% of the respondents often use risk avoidance for loss prevention measures, 40% regularly use this technique, 6.1% occasionally use this, and 2.1% don't use it at all while 2.1% rarely use it, 55.8% of the respondents occasionally use risk retention for loss prevention measures, 27.9% regularly uses it, 8.2% rarely use it, 6.1% often use it and 2.1% does not use it at all, 66.1% of the respondents regularly use risk reduction for loss prevention measures, 17.9% often uses it, 11.8% occasionally use it while 4.2% does not use it and lastly 71.6% of the respondents regularly use risk financing (Insurance) for loss prevention measures, 18.2% often use it, 4.2% does not use it at all, 3.9% occasionally use it while 2.1% rarely use it. Figure 2 shows that 47.9% of the respondents are very satisfied with their management effort on financial performance measures, 34.2% are also satisfied, 11.8% are neutral to the question and 6.1% are unsatisfied, 49.7% of the respondents are very satisfied with their

management effort on stakeholder's value creation, 28.2% are also satisfied, 16.1% are neutral to the question and 6.1% are unsatisfied also 33.9% of the respondents are very satisfied with their management effort on maximizing their share value, 31.8% are also satisfied, 28.2% are neutral to the question and 6.1% are unsatisfied.

Financial Risk Management Impact on Corporate Sustainability and Profitability

Figure 3

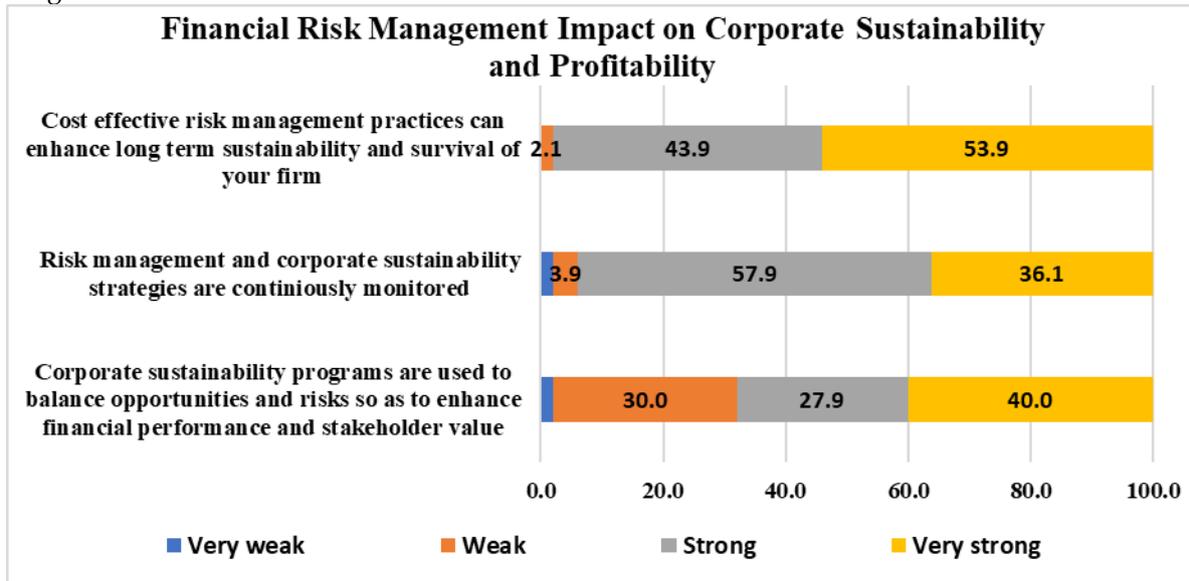


Figure 3 shows that 40% of the respondents justify that there is a very strong relationship between the risk management process of their firm and corporate sustainability programs used in balancing opportunities and risks so as to enhance financial performance and stakeholder value, 30% of the respondents justify a weak relationship, 27.9% also justify a strong relationship while 2.1% justify that the relationship is very weak, 57.9% of the respondents justify that there is a strong relationship between the risk management process and corporate sustainability, 36.1% of the respondents justify that the relationship is a very strong one, 3.9% also justify a weak relationship while 2.1% justify that the relationship is very weak also 53.9% of the respondents justify that there is a very strong relationship between a cost-effective risk management practice and long term sustainability and survival measures, 43.9% of the respondents justify that the relationship is a strong one while 2.1% justify that the relationship is weak.

3.4 Chi Square Test Result

Chi square test was tested on the hypothesis stated in the study and the result are as follows:
Hypothesis 1.

There is a significant relationship between corporate sustainability and financial & tax risk and other key risks in a multinational company.

Table 1

Variables	Chi-Square	df	Asymp. Sig (p-value)
Cost effective risk management practices can enhance long term sustainability and survival of your firm.	172.458	2	0.000
Corporate sustainability programs are used to balance opportunities and risks so as to enhance financial performance and stakeholder value.	118.947	3	0.000
The risk management processes and practices of your firm incorporate a robust understanding of corporate sustainability issues.	202.632	3	0.000

Source: Author.

Table 1 above the shows the result of the Chi-square on test the first hypothesis and the result obtain declare that all the p-value of all questions that was tested on are all less than 0.05 significance level which indicate that the null hypothesis will be rejected and hence we concluded that is there is a statistical relationship between financial & tax risk management, other key risks and corporate sustainability of a multinational company.

Hypothesis 2.

There is a significant relationship between financial and tax risks and other key risks in terms of decision-making process, business and projects operation of a multinational company.

Table 2

Variables	Chi-Square	df	Asymp. Sig (p-value)
There is a relationship between financial and tax risk and other key operating non-operating risks in your firm.	351.558	3	0.000
Managing and controlling financial, operating, moral hazard and other non-financial risks are significant aspects of your firm's decision process.	261.095	3	0.000
Identifying, understanding and applying interrelationships among key risks are critical to your firm's business and project operations.	5.568	1	0.018

Source: Author.

Table 2 above the shows the result of the Chi-square on test the second hypothesis and the result obtain shows that all the p-value of all questions that was tested on are all less than 0.05 significance level which indicate that the null hypothesis was rejected and hence we concluded that is there is a statistical relationship between financial and tax risks and other key risks in terms of decision-making process, business and projects operation of a multinational company.

4.0 Discussion of findings

The first hypothesis was carried by conducting a descriptive analysis and a chi square test of association through a well-structured questionnaire. The Research methodology and data analysis shows the detailed analysis of financial risk management practice. The rate of the financial risk management practice is measured by using a frequency and a graphical illustration, whereas the relationship that exists

between financial risk and corporate sustainability and profitability influenced by other key risk were measured using chi square test.

The findings of the frequency analysis based on the data gotten reveals financial risk management practice based on the following: Financial risk identification and rating, financial risk management, financial risk implementation and financial risk management significances. The frequency analysis shows that on an average basis financial risk is rated high and that has made every multinational firm management have a formulated and effective policies that don't just identify the source of every key operating and non-operating risks but also prevent it from affecting their organization financial performances. The chi square test was also used to justify the first hypothesis stating that its p-value is less than 0.05 level of significance, we then reject the null hypothesis and concluded that there is a statistical relationship between corporate sustainability and profitability and financial risk influenced by other key operations risks.

The second hypothesis was set to investigate the significant relationship between financial risk and other key risks on a multinational company in terms on decision making processes, business and project's operations. The findings revealed that there is a strong relationship in inter-relational attributes between financial and tax risks and other risks based on this factor, managing & controlling Financial and other key risk management has shown a very significant aspect in every organization decision making processes. The study also shows that among all the four risk financing methods adopted in this study which include: risk retention, cost of funding, contingency funding and loan financing, study shows that most multinational firm finance their risk by borrowing loan from a financial institute and also utilizing the issuance policy in controlling their key risks.

The chi square test also shows that all the p-value of the three hypothesis questions were less than 0.05 level of significance which means that the null hypothesis will be rejected, and we thereby concluded that there is a significant relationship between financial and tax risks and other key operating risks in terms of decision-making processes.

5.0 Limitations of the study

The aim of this study is to investigate analytically the financial risk management practices of multinational companies in achieving corporate sustainability and profitability. This study was based on quantitative and qualitative research methods. The data were gotten directly from primary sources, to examine the relationship and impact of financial and tax risk management on corporate sustainability and profitability of a multinational companies. Frequency analysis and a graphical representation are used to investigate the rate of financial risk management. Chi square test was also used to examine the significance inter dependence between financial risk management practices and corporate sustainability and profitability measures. The findings from the study have been enumerated but it should be noted that findings are based on the experiences of workers in a developing country and as such the deductions from the findings will be more effective in countries with similar economic background. For a more accurate global view, population samples from a number of countries with varying levels of economic development can produce results that may be considered more ideal. Future research on this subject can therefore be fashioned in this line

6.0 Conclusion

The results of the data analysis showed that risk identification, assessment and analysis, risk policy implementation, and risk prevention are more efficient and influential factors to consider in contributing to practices financial risk management of many multinational organizations. On the other hand, understanding and managing risk, identifying and preventing risks are the most significant variables that contribute to the practice of financial risk management in a multinational institution in order to achieve maximum sustainability and profitability. In addition, there is a significant relationship between the practice of managing financial and fiscal risks, other key operational risks and corporate sustainability in terms of profitability measurement, decision-making processes, policy implementation and financial results. Due to the fact that there is a possibility of facing a high rate of financial risk, all multinational companies must have an appropriate strategy plan to manage and control their risk in another in order to obtain maximum financial return.

References

- Adeoye, A. &Amupitan, M. D. (2015).Corporate governance in the Nigerian Banking sector: Issues and challenges. *European Journal of Accounting Auditing and Finance Research*, 3(5).
- Cebenoyan, M. &Strahan, (2004).Risk management, capital structure and lending at banks. *Journal of Banking and Finance*, 28.
- Gizycki, M. (2001).The effect of macroeconomic condition on banks risk and profitability.Hosna, A. &Manzura, B. (2009). *Credit Risk Management and Profitability in Commercial Banks in Sweden*, University of Gothenburg, Graduate School of Business, Economics and Law, Master of Science in Accounting.
- Hubbard, D. (2009). *The failure of risk management: Why it's broken and how to fix it*. John Wiley & Sons.
- Motteff, J. (2005). *Risk management and critical infrastructure protection: Assessing intergrading and managing threats, vulnerabilities and consequences (report)*. Washington DC; Congressional research service.
- Paulinus, E. C., & Jones, A. S. (2017).Financial Risk Management and Corporate Performance of Deposit Money Banks in Nigeria. *Archives of Business Research*, 5(12),78-87.URL:
<http://dx.doi.org/10.14738/abr.512.3909.86>.
- Soyemi, K. A., Ogunleye J. O., &Ashogbon F. O., (2014). Risk management practices and financial performance: evidence from the Nigerian deposit money banks (DMBs). *The Business & Management Review*, 4(4).
- Shehzad L. Mian (1996) Evidence on Corporate Hedging Policy", *The journal of financial and quantitative analysis* Vol.31.No 3.pp.419-439.
- Tandelilin, E., Kaaro, H., Mahadwartha, P. A. &Supriyatna, S. (2007). *Corporate governance, risk management and bank performance: Does type of ownership matter?* EADN working paper.
-