The Impact of the Strategic Option of the Management of Crisis in Jordanian Insurance Companies

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Introduction

Crisis Management is the choosing of an organized process, that is reasonably cost effective, in order to lessen certain threats facing the organization or company. It is a process coupled with the principle of sustainability. It is a measuring process, and one used to evaluate threats, and develop a strategy to manage it. These strategies include moving the threats elsewhere, avoiding them, and decreasing their negative impact, and accepting some or all of its effects. It indicates two options one which can occur. Undoubtedly the cases whereby there is only one chance are the cases where there are no threats (Al Qawi، www.elgari.com)

They are occurrences and events threaten the realization of goals, and could have a negative impact on the continuation of the work, thus making the crisis management a real art undertaken with competence, professionalism and experience (Wahbeh, 2008) Threats are the chance that a company could face unexpected and unplanned losses, or could make the anticipated revenues fluctuate.

Crisis management is based on the measurement and evaluation of threats, and then the development of strategies to management them. In general, the strategies used include transferring threats somewhere else, avoid the threats, or alleviate their negative impact (Al Hanafi, 2007).

Business organizations have faced many problems and errors, which lead administrators to pay closer attention to strategic management and the adoption of concepts in order to maintain the organization's competitive edge, and create a better future for it in light of a slow growth rate, and the increase in competitiveness, whether locally or globally. This requires the adoption of strategic choices that are consistent with the strengths and weakness, and the opportunities and challenges that face the organizations, by undertaking the strategic option followed by a strategic environmental analysis, as part of the strategic management process. Due to the variety in strategic options, the organizations must choose the strategic option that serves to realize and enhance the competitiveness or the organization, and maintain the traditions of the competitors, in order to ensure maximum revenues on the investment.

This study shall attempt to identify the impact of insurance companies' ability to identify strategic options, and choose the best one that is consistent with the nature f its work and the nature of the threats it is facing.

The Importance of the Study

Avoiding crisis is not the only aim that an insurance company seeks, it is now just as important to identify the threats that it faces and its ability to measure these threats and monitor them, in addition to employing the most suitable strategy to make the right decisions at the right time to maximize benefits in light of these threats.

The Aims of the Study

This study aims to:

1- Draw a general picture of the current status of crisis management in Jordanian Insurance companies.
2- Analyze the impact of various choices of strategic crisis management options on the Jordanian Insurance Companies.

The Problem with the study the main problem stems from the lack of ability of companies to identify strategic options, and the interaction of the threats that face insurance companies. Therefore, the study tries to answer the following questions:

What is the impact of the strategic option of crisis management in Jordanian Insurance Companies

The Hypothesis of the Study

The main hypothesis there is no relationship of statistical significance between the strategic options (Service diversity, geographical diversity, competitive strategies, strategic alliances, a strategy of continuous development) at the level (0.05) and crisis management in Insurance Companies.

Based on this hypothesis, the following assumptions were made:

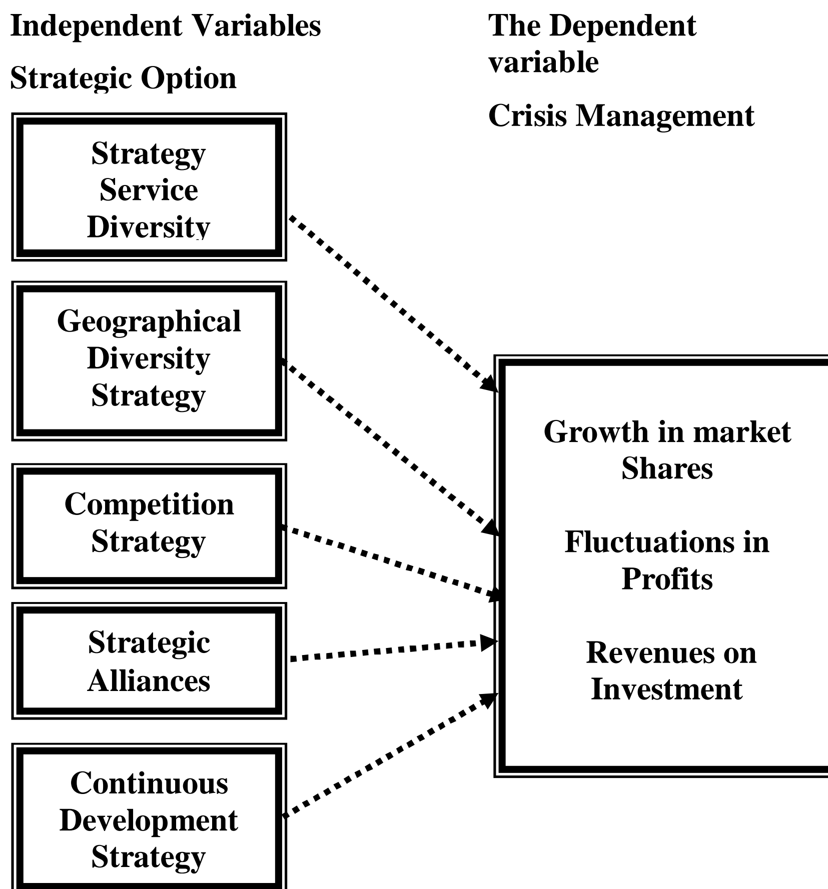
The first sub-hypothesis: There is no relationship of statistical significance at the (0.05) level between the service diversity strategies and crisis management in insurance companies.

The second sub-hypothesis: There is no relationship of statistical significance at the (0.05) level between the geographical diversity strategies and crisis management in insurance companies.

The third sub-hypothesis: There is no relationship of statistical significance at the (0.05) level between the competition strategies and crisis management in insurance companies.

The fourth sub-hypothesis: There is no relationship of statistical significance at the (0.05) level between the alliance strategies and crisis management in insurance companies.

The Form of the Study



The Theoretical Aspect

Crisis Management

Dangers are the probability of facing unplanned and unexpected losses as a result of fluctuations in the anticipated revenues on certain investment (the difference between actual revenues and anticipated revenues), meaning that the dangers represent a diversion in the actual figures compared to the actual figures, or the anticipated figures.

The Banking Organization & Crisis Management Committee, a part of the Banking Sector in the USA (Financial Service Round table) defines it as the probability of losses either directly, through losses in the work output, or losses in capital, to indirectly through the presence of limitations on the bank's ability to realize its aims and objectives (Omar, 2009).

As for the American Inter Auditors Bureau, they have defined risks as a concept that is used to measure insecurity in the operation process, that affects the ability of an organization in realizing its objectives, and could have a positive or a negative impact. If the impact is negative it is called a threat, if it positive, then it is called an opportunity.

The assets that are threatened may be classified as follows:

- Material assets like buildings and equipment.
- Human resources like employees, workers and trainees.
- Intangible assets like informations, policies, etc.

As for the definition of the threats, they are the probability of the nonoccurence of some events in the future that could be detrimental, therefore efforts must be made to supply the strategies, methods and preparations to face any threats that face the organization. (Mufleh, 1999)

As for the analysis of dangers, the definition includes identifying threats, and evaluating their magnitude and finally evaluating the dangers of their affects, to include the quantitative dangers and measure them in terms of financial definitions.

Factors that Affect Threats

1- The developments in information technology and that have a positive impact on the measurement and management of crisis management in the banking sector. (Wahbeh, 2008)
2- The competition between Insurance Companies has led to the presence of credit risks on the company and its revenues, because they narrow the margins of profit.
3- The limitations imposed by the central banks on the work of banks, like setting the percentage of liquidity, and the consistency of the capital, and the formation of allocations to face threats on loans, all have a positive impact on threats.
4- The formulation of tools, in banks, for future coverage relevant to multi-national companies, and the threats of pricing, policies, and the rate of interests.
5- The size of extra-budgetary assets affects the threats of banking operations.
6- The cost of change in operational environments.
7- Employee turnover.

The type of threats: Threats may be categorized based on their impact of the sectors to: (Wahbeh, 2008)

- Systemic risks: to which economic sectors are exposed as a result of changing economic conditions and the general policy. These are called market risks include interest rate risks and inflation risk and the risk of fluctuations in the general atmosphere, and these risks can not be avoided through diversification.
- Non-systematic risks: to which certain companies are exposed without their impacts affecting other companies or economic sectors, and they include the risks of industry, the risks of liquidity, and the risks of management, and these risks can be decreased through diversification.

As for the Types of Losses

- Anticipated losses: represented in credit risks, for which banks are prepared to face through the relevant pricing. They are characterized by dramatic repetition, the magnitude of the resulting losses, and are usually not publicized because the losses are minimal. (Mufleh, 1999)
- Unexpected losses: which represent the highest degree of losses that banks can bear, and they are prepared for through the capital, and are characterized by their repetitiveness which is relatively less, while the magnitude of the losses is greater.

The Concept of Strategic Options

In the principles of strategic management there are many concepts for strategic options, among these are:

(Gleck & Jauch) is the decision to choose a strategy that realizes the best harmony for the organization's aims, among a number of option, which are either general, or at the level of the work or the jobs.

(Dimmock & Seth) is the option that is taken, among a number of options, and the undertaking of a process to evaluate and compare between them, in order to choose the option that realizes the objectives.

The steps to choosing the appropriate srategy: the choosing of the correct strategic option goes though the following steps (Ismail, 1990, Pg. 42):

1. **The generation of strategic options:** Whereby it is necessary to have a group of strategic options that are generated, and which are applicable and consistent with the organization's aims.
2. **Assessing the strategic options:** The evaluation process depends on a group of criteria which, when used, will decrease the number of options available, and then facilitate the choosing process.

Some of the qualitative criteria (net profit, market share, revenues of investments, revenues of property rights, work turnover...) as for the non-quantitative criteria (qualitative) among these are (the consistency of the strategy with the objectives, the realization of flexibility and adapting, the compatibility of the strategy with the environment, the company's mission and its objectives, and the possibility of applying them).

3. The phase of Choosing the Strategic Option

Third: the factors affecting the strategic option

After the options have been evaluated, and through the various analysis tools we have identified the quantity on each strategy, then what is left is the undertaking of a final combing of the strategic options in order to choose the appropriate one. There are several strategies that the organization could choose to do so, these are (Ismail, 1990, Pg44): the strength of the organization's hold on previous strategies, the administration's attitude towards the threats, the resources available to the organization, the political conflicts within the organization, and the organization's market share.

Let us explore these groups and how they affect the process of choosing the right strategy:

1. The administration's hold on previous strategies

The strategic options that the administration has are bound by the strategic alternatives: the decrease of time, the effort necessary to develop the new strategy. But this method decreases the organization's chance to change its interaction and response to the external environment.

2. The Organization's attitude towards the threats

Is relevant to the magnitude of the threats that the organization feels comfortable dealing with. The managers that are not threatened, and who avoid it, feel that their company is weak, and so they need strategies that involve high risk threats. Therefore, their choices will be limited to defense strategies in order to face any changes that happen in the environment.

As for the managers that deal with threats, they will stress the importance of choosing strategies with high risks. Thus, their choices will be limited to growth and expansion strategies (taking new strategies) and therefore, directing the company's funds towards investment in the sectors that have high revenues. Table (1) shows the characteristics of the organizations that avoid threats and those that accept them, and the strategic choice.

Table (1): The Characteristics of the Organizations that Avoid or Accept Threats, and Strategic Options

Strategic considerations	Organizations that avoid threats	Organizations that accept threats
1. Attitude towards threats	Unwanted	Necessary
2. The nature and characteristics of the environment	Relatively stable	Continuously changing
3. Competitive tendencies	defensive	Offensive
4. Attitude towards creativity	Unnecessary and a waste of funds	Necessary for continuations and development
5. The range of strategic options that are taken into consideration	Limited, especially those options that are similar to previous strategies.	Wide, and any strategy that could be realized may be considered.
6. The probable strategic choice	Leave things as they are, trimming, and refusing high risk projects.	Growth and development, and the preference to high risk projects.

(Yasin, 2002, Pg81).

The relationship between the degree of assurance and the choice:

Most organizations tend to avoid risks. And Managers normally tend to give more credit to the expected negative impact of any new proposed strategy, and use methods that in the end make them prefer the strategies with lesser risks, which are similar with the strategies that are used currently. Also, some administrators prefer to undertake some amendments to their current strategies in order to be able to enhance performance in a short time, instead of adopting new strategies that could not show any outcomes except in the long term (Yasin, 2002, Pg.81).

3. The right time to act: Many factors affect the time to evaluate strategic options that are available to the organization. The most important of these factors is meeting the deadline, and the time needed by the organization in relations to the funds to be spent on the activities, and when these activities will be generates in terms of income or revenue, and when will the market be ready to receive the outcome of the new strategies (new products).

4. The resources available to the organization: the presence of the appropriate resources in the organization will allow it to apply the appropriate strategy. Resources are important from two aspects: they are an indication of what the organizations can do, and are one of the sources of power that the organization has. The resources include funding, facilities, and the human resources.

(1) Funding: Every time the necessary funding in available in the organization it can deal with the available options in a more flexible manner. This flexibility will extend to dealing with the option to the maximum if the organization retains its assets in a monetary manner, or in a high liquidity manner. Unfortunately, high liquidity assets are the rarest of assets that have a revenue on investment in the long run.

(b) Financial facilities: these include all the buildings, equipment and machinery. The strategic value of these facilities are relevant to their place within the market, or work force, or the source of primary materials, or the organization's competitive status in the market. The financial resources of strategic relevance are an important asset to the organization.

(c) Human resources: Human resources available to the organization are one of the most important indicators when the organization is in the process of choosing a strategy. It is impossible for an organization to have highly-qualified human resources in all its job fields. Some organizations have highly qualified individuals in the marketing field, and others in the field of production, and so on. And then strategic options are being evaluated, the capabilities of the human resources must be taken into consideration.

5. The Political Conflict in the organization:

Are all the unofficial efforts that the individuals exert in an attempt to affect the objectives and criteria relevant to the industry, and the decision-making process in the organization. Thus this is a process whereby the individual is aware of the organizational changes that happen every day, and how to respond to them (Yasin, 2002, Pg.83).

6. The Organization's market share:

The organization has a share in the market that allows it to employ strategies that are different from those that have a limited share of the same market. Also, companies that have a strong product use strategies that are different from those used by companies whose products are weak. Thus, we shall shed light on the companies with a high market share, and those with a limited share, and the companies with weak products (Yasin, 2002, Pg.88).

(a) Large market share:

Companies that control the market are those that lead the other organizations in the market, and they are the ones that control the process of price changes in the same market (Kotler, 1984), thus the main aim of these company here, is to maintain is leadership status in the market.

Among the strategies that are good for keep the leadership status in the market, is the expansion strategy in the organized markets by reaching new consumers, or using a higher average through the current consumers, or discovering and promoting some other uses for the same product.

Therefore, the organizations could employ a defensive strategy in order to retain its leadership status, like raising hurdles in the face of competitors. Among these strategies are:

1. The company provides a new product or a new industrial process, that needs continuous and ongoing investment by a competitive organization if it wants to remain competitive.
2. Decrease prices and retain a low margin of profit, so as not to tempt other organizations to enter this market.
3. Facing the organizations that enter the market for the first time with a pricing war, or a promotion war, that these organizations can not face.
4. Obstruct the competitor from resource cooperation, or the distributor, by putting pressure on them and making them know that the organization (which has a lead in the market) will not deal with them if they deal with new competitors.
5. Design the product or the service in a manner that will make the buyer use competing products very difficult.

Finally, the organization with a market lead can increase its sales by increasing its share in the market, (the growth strategy). This strategy is appropriate for small-sized pioneer companies. If it has a 50% share of the market, or more, this strategy is no good for it. Because it needs to high expenditure, and it could result in a confrontation with the competitors in the form of a pricing or promotion war. It could also be difficult for the consumer in this case to change from a brand it prefers (the competitor's brand) to the brand of the small company (Yasin, 2002, Pg 90).

The strategic choice that has three basic steps enables the organization to choose its strategy. These steps are (Al Khafaji, 2004, Pg.50):

First: Identifying the Strategic Alternatives:

It is necessary to differentiate between the overall strategies and the career strategies: Higher management must answer the following questions, after identifying their strategic features, prior to identifying the strategic options in light of: **What is the form of the organization in the future?**

The strategic choice, either in pushes the organization forward, or it will make it move backwards, or keep it in its place in its own environment. Strategy Managers have different categories for achieving the desired strategic status, although they all agree that they are, in total, four strategies:

(a) The stability strategy:

The stability strategy is appropriate with a successful organization that works in a predictable environment. The organization focuses all its resources in its current field of work in order to strengthen and improve its strategic features. The organizations maintain its mission and objectives, and it just increases the rate of performance at a stable annual rate. The basic strategic decision aim to enhance performance in the various job fields.

Among the stability strategies is the non-change strategy, profit, timing or waiting, moving with the environment, reaping, and gradual growth.

(b) Growth strategies:

Organization that operate in an active environment strive to grow in order to continue. Growth leads to an increase in sales and benefit from (the experience edge) in decreasing the cost of the unit sold, and thus an increase in profits. This method is important especially if the market in which the company operates grows quickly, and if competitors resort to a pricing war in order to acquire a bigger share of the market. On the other hand, organizations that do not achieve the required economic growth, they will ultimately suffer from economic losses, unless they are able to use a smaller and more profitable sector in the market (Al Khafaji, 2004, Pg.55).

Organizations use this strategy in order to be able to cover its errors, or any shortcomings in its capabilities, especially in the first phases of its growth, whereby the flow of increasing revenues depends on monetary increases and the provisions of a larger organizational surplus. Growth is considered an indication of the strategic success of the organization.

On the other hand, organizations that do not achieve the required economic growth will suffer from economic losses, unless they are able to use a smaller and more profitable sector in the market (Al Husseini, 2006, Pg.30).

Growth is an indication of the organization's strategic success, and expresses the growth strategy as the strategy that is applied by the organization when it is striving to achieve new objectives at a higher level than the level of its previous objectives, by serving clients and markets and providing new products and services, or expanding in new markets with new services and products, while focusing, through its strategic decisions, on main increases in their current scope of work (al Husseini, 2006, Pg.33),

The growth strategy requires additional efforts by the upper management in order to devise methods to adapt and interact with the investment opportunities resulting from the analysis of the organization's resources and capabilities, and products and services, in addition to the the external environment, and the upper management's ability to analysis these elements as a basis to ensure the success of the strategy it plans to employ. There are many ways to push forward the application of the growth strategy:

- The coupling of efficacy and growth among the majority of managers.
- Growth leads to an increase in sales and benefit from the experience edge)in decreasing the cost of the unit sold, and then to profits.
- Organizations operating in a dynamic environment must grow in order to remain.
- Growth benefits the society in general by increasing the number of services and products that are provided.
- Growth leads to expansion for leading companies, and control of the market. i.e. enhancing its competitiveness.
- Growth is an assessment of the efficiency of the management and its ability to use the available financial and human resources in an effective manner.

In general, growth is achieved in two manners:

(a) Self-growth, ie, that the organization can expand and diversity based on its own capabilities and potential, where the need for funds and other resources for growth, both within the sector in which it operates or other sectors.

(b) Growth by interacting with external parties, and as part of this strategy the organization may adopt one of many alternatives.

(c) The focus strategy: one of the alternative strategies that can be depended on as one of the growth strategies, the focus strategy, whereby the organization employs this in accordance to the following:

- Focus on the client: depending on current clients, attracting the clients of competitors, attracting new clients who are not using the products/services, focusing on the product by: difference and diversity in products/services compared to those of competitors, develop and increase new uses for the product/services, improve the services provided with the product.
- Focus on technology: by developing equipments and tools to improve efficacy. Improve the quality of the products/services. Develop new uses and benefits of the products.

One of the main advantages of a strategic focus is that the organization will develop in terms of expertise and more experience in the business sector.

As for the disadvantage of the focus strategy in the lack of diversity which will lead to an increase in the risks that threaten the organization's resources and capabilities, as a result of the environmental factors, and the sudden political, economic, social and legislative factors, or the appearance of new competitors in the same field of work (Al Husseini, 2006, Pg.39).

(d) The integration strategy: integration strategies are considered one of the favored growth strategies, especially since they lead to profits is they are effectively applied, and they are based on comprehensive studies. There are two types of integration strategies:

(a) The vertical integration strategy: which refers to the strategy that is employed by an organization that enter in sectors that are necessary for the production or distribution of its products, whereby these organizations used to buy these requirements or services from other independent companies. This activity ranges between control on raw materials and the marketing of the completed products. One of the most important advantages of vertical integration is the decrease in costs and the enhancement of coordination and supervision, and this is divided into two parts:

*The vertical integration strategy - Frontal: which aims to entering the field of distributing the organization’s products by controlling the marketing channels leading to the final consumer?

*The vertical integration strategy - posterior: whereby the organization aims to control raw materials it applies this strategy, meaning it could control the raw materials especially those used in the processes, or if the organizations wish to enhance its capabilities to produce new raw materials not used in its current products. With posterior integration the organization can gain more control on the quality of the raw materials that it can obtain.

(b) Horizontal integration strategy: Integration occurs when the organization enters a new scope of work, by providing new products to the same market or selling the same products in a different market. It can also be by purchasing another organization that has distribution channels for the same product in new markets in order to enhance the organization's current status or enhance its efficacy in another geographical location by increasing the products and services provided to the markets,

Previous Studies

1. Al Najjar Study (2004): Management Information Systems and their impact on strategic choices in Insurance Companies

This study aims to shed light on the types and resources of management information systems in insurance companies, and identify the relationship between these systems and the strategies that arise from it, from four aspects: the general perspective and visions, aims and objectives, realizing the expectations of the different shareholders, and the added value that the center offers to its branches, and finally the impact of management information systems on the strategies adopted by Jordanian companies. The most important results that this study came up with are:

Jordanian Insurance Companies own different types of management information systems with different resources (Human resources, equipment, programs, data, networks, and communications) at a medium level.

Management information systems have an average impact on the companies' strategies, with its four elements: vision, aims, objectives, the realization of the expectations of the involved shareholders, and the added value that the center provides to its branches.

The main obstacles that hinder the development of management information systems in companies are the financial obstacles, training, education, the managerial processes, and finally the cultural and social obstacles.

There is a marginal positive relationship, of statistical significance, between the management information systems and the four main elements of the emanating strategies.

Management information systems have a direct positive impact on the four main elements of the emanating strategies.

2. Al Houri Study (2004): Information Technology Strategies and their role in enhancing risks in Insurance Companies

The aim of this study was to develop a study model to show the probable impact of Information Technology STrategies (Strategies that involve the leadership of IT, The first movement strategies, the Risk Management Strategies and their impact on the five competitiveness forces in the Porter Model, and show the capability of these strategies, which comprise the following elements: operational efficacy, the quality of products, and the enhancement of the innovation ability.

It also aims to uncover the impact of these strategies on the enhancement of the competitive edge of Insurance Companies, the most important elements of the competitive advantages that are affected by the IT startegies, and identify the most important obstacles and challenges that can hinder the efforts of the Jordanian banking Sector when applying IT Strategies. Among the most important results that were reached by this study are:

The presence of a statistically significant relationship between IT strategies on the competitive advantage in the porter model.

These strategies have a competitive advantage.

The study shows that the most important elements of the competitive advantage that are affected by these strategies are the quality of the product.

The most important obstacles and challenges that hinder the application of these strategies in Jordanian Banks is the lack of ability to keep up with technological advances due to lack of training, and the centralization of trained and qualified employees in the main branches.

3. The Bani Hani Study (2004): The Strategic Choice Strategies and their impact on risk management: a field study involving Insurance Companies in Jordan

This study aims to develop and choose models of strategic processes (Cost, quality, flexibility, and speed) and their impact on risk management in order the identify the impact of strategic processes that are undertaken by Insurance companies in Jordan, and the dimension of competition that these companies are focused on, in addition to the establishment of a administration that embodies the relationship between strategic processes and the competitive advantage.

4. (Baure&Ryser Study (2004): Risk management Strategies in Banks

This study focuses on the types of risks in banks, an the means and methods used to hedge them, indicating that hedging leads to enhancing property rights, and that hedging occurs in various fields and activities in banks, including the management of facilities, debts, the management of liquidity, the fluctuation of assets, and risks involving other parties. Additionally, the study focused on the importance of liquidity risks, and the risks of debts on the management of the banks and protecting them, while showing there is a interaction between the different types of risks whether they involve credit, liquidity, or the bank's capital.

Methods and Procedures

The Study Community

The study community included Jordanian Insurance Companies, and three of these were chosen: The Arab Insurance Company, The Holy Land Insurance Company, And Philadelphia Company, and from these a random sample of (60) employees were chosen. The results of the study and the testing of the hypothesis, and the analysis annex at the end of the study.

Results

The Study Reached the Following Results

1- The presence of a relationship between risk management and the ability of the company to continue. This is a marginal positive impact with a relationship value of (0.438). It is also noticed that risk management explains (19.7%) of the magnitude of disparity in the company's ability to continue.

2- The presence of a relationship between risk management and the ability of the company to continue. This is a marginal positive impact with a relationship value of (0.445). It is also noticed that risk management explains (19.7%) of the magnitude of disparity in the company's ability to continue.

3- The presence of a relationship between risk management and the ability of the insurance companies to continue. This is a marginal positive impact with a relationship value of (0.443). It is also noticed that risk management explains (19.7%) of the magnitude of disparity in the insurance companies' ability to continue.
4- The presence of an impact of statistical significance at the (0.05 ≥ α) level of risk management and the ability of Insurance Companies on avoiding financial losses, which is an above-average positive impact with a relationship coefficient value of (0.659). It is also noticed that the difference betweenrisk management and the ability of Insurance Companies explains (43.5%) of the disparity in the company's ability to avoid financial losses.
5- The presence of a relationship between risk management and the ability of a company to decrease the rate of risk, has an impact of statistical significance at the (0.05 ≥ α) level), which is a marginal positive impact with a relationship coefficient value of (0.476). We also noticed that risk management explains (22.7%) of the magnitude of disparity between the decrease of risks.

Recommendations

a. Insurance Companies should analyze risk management and their impact on the company's continuity and the decrease of the rate of the risks.
b. They should analyze the risks and their role in avoiding financial losses.
c. Give more importance to decreasing the rate of the risks due to its impact on the company's success and ability to continue.

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Appendix (1) Questionnaire

Part One: Demographic Characteristics

Please put (✓) where applicable:

Gender:	☐ Male
	☐Female
Social Status	☐ Single
	☐Married
Educational Qualification:	☐ High School
	☐ Middle Diploma
	☐ Bachelors Degree (Bs)
	☐ Higher Education
Professional Experience:	☐ 5 years or less
	☐ 6 – 10 years
	☐ 11 years and more

Part Two:

Please put (×) in the applicable box:

Paragraph	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Services diversity Strategy					
1-Insurance companies work under a specific and clear strategy.					
2- Insurance companies set specific strategic goals					
3- Insurance companies work on analyzing the outer environment.					
4- Insurance companies work on analyzing the inner environment.					
5- Insurance Companies have the ability to respond to the surrounding environment variables.					
Geographic diversity strategy					
6- A group of strategic alternatives is set.					
7- The process is based on a set of quantitative criteria.					
8- The relative advantage for the entity is set.					
9- The best strategic alternative for the entity is chosen.					
10- The management's pattern affects the strategic options of the entity.					
Competitive strategy:					
11- The strategic option selection affects the employees' performance in the entity.					
12- The strategic option selection affects the entity's competition ability.					
Strategic Alliances					
13- The strategic option affects the insurance companies' market share.					
14- - The strategic option affects the insurance companies' performance.					
15- The strategic option insures a competitive advantage for insurance companies.					
Continuous Development					
16- The insurance companies insure to continuously develop its services.					
17- Insurance companies work on diversifying its services to fulfill the clients' needs.					
18- Insurance companies keep up with the recent development in the services areas.					
Market Share growth					
19- Insurance companies achieve noted market annual profit.					
20- Insurance companies have abilities to fulfill the clients' needs.					
Profit average oscillation					
21- Insurance companies achieve good profits.					
22- Insurance companies work on increasing its market share.					
Investment Return					
23- Insurance companies distribute stable annual profits.					
24- Insurance companies work on investing in profitable projects					

Appendix 2: Sample's Characteristics

1) Gender:

Table (1): Results of the Sample's Individuals' Distribution According to the Gender Variable

Table 1shows that 36% of the sample are males while 40% are females.

Gender	Frequency	Percentage
Male	36	36.0 %
Female	24	24.0%
Total	60	100.0%

Table (2): Results of the Sample's Individuals' Distribution According to the Social Status Variable

Table 2 shows that married individuals represent 66.7% of the sample which is the highest percentage while single individuals represent 33.3%

Social Status	Frequency	Percentage
Married	40	66.7.0 %
Single	20	33.3.0%
Total	60	100.0%

Table (3): Results of the Sample's Individuals' Distribution According to the Educational Qualification Variable

Table 3 shows that individuals holding bachelors degree represent 36.6% of the sample which is the highest percentage followed by middle diploma carriers with 27.6 %.

Educational Qualification	Frequency	Percentage
High School	12	20.0%
Middle diploma	16	27.6%
Bachelors	22	36.6%
Higher Education	12	16.7%
Total	60	100.0%

Table (4): Results of the Sample Distribution According to the Experience Variable

Table 4 shows that individuals with 6 -10 years of represent 50% of the sample and individuals with less than 5 years of experience represent 30.0%

Experience	Frequency	Percent
Less than 5 years	18	30.0%
6 – 10 years	30	50.0%
11 years and more	10	20.0%
Total	**60**	**100%**

Table (6): Means and Standard Deviation for the Samples Answers on the Questionnaire

Paragraph	Mean	Standard deviation	Order
1-Insurance companies work under a specific and clear strategy.	3.97	0.99	8
2- Insurance companies set specific strategic goals	3.80	0.99	12
3- Insurance companies work on analyzing the outer environment.	4.23	0.81	1
4- Insurance companies work on analyzing the inner environment.	3.87	0.89	9
5- Insurance Companies have the ability to respond to the surrounding environment variables.	3.83	0.87	10
6- A group of strategic alternatives is set.	3.77	0.93	14
7- The process is based on a set of quantitative criteria.	4.20	0.92	2
8- The relative advantage for the entity is set.	3.37	0.71	18
9- The best strategic alternative for the entity is chosen.	4.07	1.04	6
10- The management's pattern affects the strategic options of the entity.	3.60	0.81	16
11- The strategic option selection affects the employees' performance in the entity.	4.07	0.94	6
12- The strategic option selection affects the entity's competition ability.	4.13	1.10	3.5
13- The strategic option affects the insurance companies' market share.	3.80	0.99	12
14- - The strategic option affects the insurance companies' performance.	3.47	1.07	17
15- The strategic option insures a competitive advantage for insurance companies.	3.67	0.91	15
16- The insurance companies insure to continuously develop its services.	4.07	0.94	6
17- Insurance companies work on diversifying its services to fulfill the clients' needs.	4.13	1.10	3.5
18- Insurance companies keep up with the recent development in the services areas.	3.80	0.99	12
Total	**3.88**	**0.30**	**-**

Table 6 shows that in general there is a high acceptance percentage regarding insurance companies' risks where the average of responses was 3.88 which is more than the average measurement tool at (3). Regarding taking the questions as one unit we notice that the highest result was the mean value of 4.32 for paragraph 3 and the lowest one was the mean value of 3.37 for paragraph 8.

Research Hypothesis Testing

To test the hypothesis of the research we will apply the t test for the sample by choosing differences between the average of answers for each variable and the average hypothetical tool.

Primary Hypothesis

There is no statistically significant relationship between strategic options (services diversity, geographic diversity, competitive strategy, strategic alliances and continuous development strategy) and the risk management in insurance companies.

Multiple Regression Analysis Results

Table 7

R Correlation Coefficient	R^2 Coefficient of determination	Calculated F	Indexed F	F	Result
0.476	0.227	81.442	9.025	0.000	Reject

We noted from the multiple regression results that there is a statistically significant relationship at (α≤5) between risk management and the ability of insurance companies to avoid financial losses, which is an below average positive influence with a correlation coefficient 0.476. In addition, we noted that this risk management explains 22.7% of the contrast in decreasing risk percentages.

First Secondary Hypothesis

There is no statistically significant relationship at 0.05 between strategic service diversity and risk management and risk management.

Multiple Regression Analysis Results

Table 8

R Correlation Coefficient	R^2 Coefficient of determination	Calculated F	Indexed F	F	Result
0.659	0.435	213.659	14.167	0.000	Reject

We noted from the multiple regression results that there is a statistically significant relationship at (α≤5) between risk management and the ability of insurance companies to avoid financial losses, which is an above average positive influence with a correlation coefficient 0.659. In addition, we noted that this risk management explains 43.5% of the contrast in avoiding risk percentages.

Second Secondary Hypothesis

There is no statistically significant relationship at 0.05 between strategic geographic diversity and risk management and risk management.

Multiple Regression Analysis Results

Table 9

R Correlation Coefficient	R^2 Coefficient of determination	Calculated F	Indexed F	F	Result
0.443	0.197	70.002	0.491	0.000	Reject

We noted from the multiple regression results that there is a statistically significant relationship at (α≤5) between risk management and the ability of insurance companies to avoid financial losses, which is an above average positive influence with a correlation coefficient 0.443. In addition, we noted that this risk management explains 19.7% of the contrast in the ability of insurance companies in going concern.

Third Secondary Hypothesis

There is no statistically significant relationship at 0.05 between competitive strategies and risk management and risk management in insurance companies.

Multiple Regression Analysis Results

Table 10

R Correlation Coefficient	R^2 Coefficient of determination	Calculated F	Indexed F	F	Result
0.445	0.197	69.002	8.246	0.000	Reject

We noted from the multiple regression results that there is a statistically significant relationship at (α≤5) between risk management and the ability of insurance companies of going concern, which is an above average positive influence with a correlation coefficient 0.445. In addition, we noted that this risk management explains 19.7% of the contrast in the ability of insurance companies in going concern.

Forth Secondary Hypothesis

There is no statistically significant relationship at 0.05 between strategic alliances and risk management and risk management in insurance companies.

Multiple Regression Analysis Results:

Table 11

R Correlation Coefficient	R^2 Coefficient of determination	Calculated F	Indexed F	F	Result
0.438	0.197	67.002	8.246	0.000	Reject

We noted from the multiple regression results that there is a statistically significant relationship at (α≤5) between risk management and the ability of insurance companies of going concern, which is an above average positive influence with a correlation coefficient 0.438. In addition, we noted that this risk management explains 19.7% of the contrast in the ability of insurance companies in going concern.