

Mediating Effect of Risk Management Practices on the Relationship Between Leadership Capabilities and Organizational Resilience: Development of a Conceptual Model

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Abstract :

The environment in which public and private organizations operate is increasingly turbulent and uncertain, exposing them to disruptive and unpredictable events. This raises a fundamental question: how do organizations ensure their resilience in such a context? More specifically, do leadership skills strengthen the resilience of organizations in the face of risks caused by external and internal factors? To survive, organizations need to be more agile, more proactive, and better prepared to deal with uncertainty. This requires organizational leadership as a form of dynamic capability.

This study aims to examine the influence of leadership capabilities on organizational resilience in managing uncertainty. It also examines the role of risk management practices in mediating the relationship between leadership capabilities and organizational resilience. The results of this theoretical study show that risk management practices mediate the relationship between organizational leadership capabilities and organizational resilience. This article aims to enrich research by focusing attention on the relationship between leadership capabilities, organizational resilience, and risk management practices. The goal is to identify the role that leadership capabilities and risk management practices play in improving organizational resilience. Thus, our work will lead to the development of a conceptual model that brings together the three concepts and research hypotheses to clarify this relationship.

Keywords: organizational leadership capability; organizational resilience; risk management practices; uncertain environment and turbulence; organizations.

Résumé : L'environnement dans lequel les organisations publiques et privées opèrent est de plus en plus turbulent et incertain, les exposant à des événements perturbateurs et imprévisibles. Cela soulève une question fondamentale: comment les organisations assurent-elles leur résilience dans un tel contexte ? Plus précisément, les capacités du leadership renforcent-elles la résilience des organisations face aux risques causés par des facteurs externes et internes ? Pour survivre, les organisations doivent être plus agiles, plus proactives et mieux préparées à faire face aux incertitudes. Cela nécessite un leadership organisationnel en tant que forme de capacité dynamique.

Cette étude vise à examiner l'influence des capacités de leadership sur la résilience organisationnelle dans la gestion de l'incertitude. Elle examine également le rôle des pratiques de gestion des risques dans la médiation de la relation entre les capacités de leadership et la résilience organisationnelle. Les résultats de cette étude théorique montrent que les pratiques de gestion des risques jouent un rôle de médiateur dans la relation entre les capacités de leadership et la résilience organisationnelle. Cet article vise à enrichir la recherche en mettant l'accent sur la relation entre les capacités de leadership, la résilience organisationnelle et les pratiques de gestion des risques. L'objectif est d'identifier le rôle que les capacités de leadership et les pratiques de gestion des risques jouent dans l'amélioration de la résilience organisationnelle. Ainsi, notre travail conduira à l'élaboration d'un modèle conceptuel qui réunit les trois concepts et des hypothèses de recherche pour clarifier cette relation.

Mots clés: capacité de leadership organisationnel; résilience organisationnelle; pratiques de gestion des risques; environnement incertain et turbulences; organisations.

1. Introduction

The business environment is increasingly uncertain, making it more complex for organizations to manage. This environment puts organizations under increasing pressure and exposes them to more frequent risks. Technological change, market competition, the effects of climate change, geopolitical wars, and health crises are all events that could affect the organizations of tomorrow. This uncertainty is reflected both in the unpredictability of the future state of the environment, in the difficulty of anticipating the consequences for the organization, and in the effectiveness of the responses developed in the face of this environment (Milliken, 1987). In this context, some organizations have established an organizational resilience profile in order to strengthen their ability to anticipate, modify, reorganize and even obtain new competitive advantages after a crisis caused by internal or external factors (Annarelli and Nonino, 2016; Morales et al., 2019). To be more resilient, organizations need to be more agile, proactive and well prepared to deal with risks caused by the environment. This requires organizational leadership capabilities that can integrate resilience-building activities into the organization's overall strategy.

Unforeseen events in the environment have made the concept of organizational resilience crucial. It is essential for companies to move from a reactive strategy based on preventive measures to a proactive strategy based on a set of activities that can effectively support daily operations (Annarelli, A., & Nonino, F. 2016). Organizations need to create a systematic, proactive approach to achieve resilience.

Researchers and managers have already made efforts to find ways to ensure the long-term viability and performance of their organizations in a constantly changing environment (De Oliveira Teixeira, 2013). One of the ways to mitigate crises and increase the resilience of an organization is the use of enterprise risk management (Hudakova and Lahuta, 2020). Research shows that risk management plays a key role in developing an organization's resilience (Sin and Ng, 2013; Ishak and Williams, 2018).

Organizational resilience is a multidimensional and multidisciplinary concept. Madni and Jackson (2009) highlight four main axes: anticipation, resistance to disruption, adaptation and recovery. However, an organization's ability to bounce back is determined by its dynamic capabilities, which refer to an organization's ability to intentionally develop or adjust its assets. These dynamic capabilities help organizations adapt to a new and turbulent environment (Jiang et al. 2019). The results of the quantitative study conducted by Kantor and Isery-say showed

that the concept of organizational resilience consists of three dimensions: robustness, agility, and integrity.

Organizational leadership can be defined as the collective ability of leaders to identify and respond to changes in the external environment while maintaining the organization's core objectives. It is important for improving the performance and efficiency of organizations. The leadership of the management team is an essential element of the strategic management framework for fostering business resilience (Schoemaker et al., 2018). With an empowered leader, resilient organizations will be able to withstand crises and thrive.

Previous research presents organizational resilience as a static rather than a dynamic capability (Khan et al. 2019). Furthermore, the literature shows a lack of empirically validated results (Annarelli and Nonino, 2016; Kevill et al. 2013). There are few studies on how organizations develop and maintain organizational resilience.

On the other hand, there is a lack of research on risk management practices and the integration of risk into organizational strategies (Slagmulder and Devoldere, 2018). Furthermore, few studies have examined the role of organizational leadership in the development of organizational resilience, and leadership is a topic that is rarely addressed in resilience research (Andersson et al., 2019).

In view of the above, this study aims to examine the impact of risk management practices on organizational resilience in the face of all uncertainties and adversities. In addition, it examines the role of organizational leadership capabilities in mediating the relationship between risk management practices and organizational resilience.

Our work will be structured as follows. An initial analysis will be devoted to a literature review and the hypotheses, as well as the elaboration of a conceptual model, followed by a discussion of the results and their analysis, and a conclusion suggesting new avenues of research in this area.

2. Literature Review and Research Hypotheses

The purpose of this research is to examine the influence of organizational leadership capabilities on organizational resilience in the face of risk and uncertainty. It also examines the role of risk management practices in mediating the relationship between leadership capabilities and organizational resilience. These questions are tested using four hypotheses: Do organizational

leadership capabilities influence organizational resilience? Do organizational leadership capabilities influence risk management practices? Do risk management practices influence organizational resilience? Do risk management practices influence the relationship between organizational leadership capabilities and organizational resilience?

In the following, we will analyze the interaction relationships between the three concepts.

2.1. Organizational leadership capabilities and organizational resilience

Table 1 : Relationship between the concepts of organizational leadership capabilities and organizational resilience

Authors	Contributions
Banks & al (2019) Taylor & al (2014)	In an uncertain environment, effective leadership is critical to an organization's success. Leaders help organizations adapt to their environment by guiding, supporting, and developing their people.
Shin & Park (2021)	The Supply Chain Resilience Study found that leadership creates superior resilience performance.
Dartey-Baah (2015)	Resilient leadership is needed to implement strategies that promote resilience by rapidly changing the entire system of the organization and adapting to changes in the business climate.
Morales & al (2019)	Leadership skills can help ensure business resilience
Southwick & al (2017)	Organizational resilience is based on a strong leadership style that encourages unified, interdependent teams to work together.

Source: Authors

Managers need to be able to identify a difficult situation as early as possible. They identify and decide what needs to be done by the whole team, coordinate vertically and horizontally, and provide understanding and guidance to the team through clear and effective communication.

Hypothesis 1: There is a significant relationship between organizational leadership capabilities and organizational resilience.

2.2. Organizational leadership capabilities and risk management practices

Table 2 : Relationship between the concepts of organizational leadership capabilities and risk management practices

Authors	Contributions
Borgelt & Falk (2007)	Innovation occurs when a leader allows his or her team to take a risk that has been carefully planned, executed and managed by qualified personnel.
Fernández-Muñiz & al (2014)	Effective leadership fosters proactive risk management that improves employee safety behavior
Liebenberg & Hoyt (2003)	Riskier companies appoint a risk manager to manage their risks effectively and commit to staying healthy.
Baharin & al (2021)	Enterprise risk management has been identified as one of the factors contributing to organizational resilience.
Chopra & Sodhi (2004)	The manager needs to understand the characteristics of supply chain risks to improve the company's ability to manage them by becoming more resilient.

Source: Authors

A strong leader motivates the organization to manage uncertain events effectively, enabling the organization to get through difficult times and return to normal or better conditions.

Hypothesis 2: There is a significant relationship between organizational leadership capabilities and organizational resilience.

2.3. Risk management practices and organizational resilience

Table 3 : Relationship between the concepts of risk management practices and organizational resilience

Authors	Contributions
Parker et Ameen (2018)	They found that proactive risk management and the ability to reallocate corporate resources had a more significant positive impact on business resilience.
Teece et al (2016)	One of the tools that can help prevent crises and build resilience is the application of enterprise risk management.
Kwak et al (2018)	They demonstrated the crucial role of supply chain innovation and risk management capabilities in ensuring long-term competitiveness and resilience.
Bogodistov et Wohlgemuth (2017)	Risk analysis and mitigation are key to building resilience

Source: Authors

Companies need to be resilient to the risks of unforeseen changes, and emerge from them more robust. Corporate resilience and risk management do not exist in isolation. Consequently, risk management practices lead to improved corporate resilience.

Hypothesis 3: There is a significant relationship between risk management practices and organizational resilience.

2.4.The Mediating Effect of Risk Management Practices on the Relationship between Organizational Leadership Capabilities and Organizational Resilience

Table 4 : Relationship between the concepts of risk management practices and organizational resilience

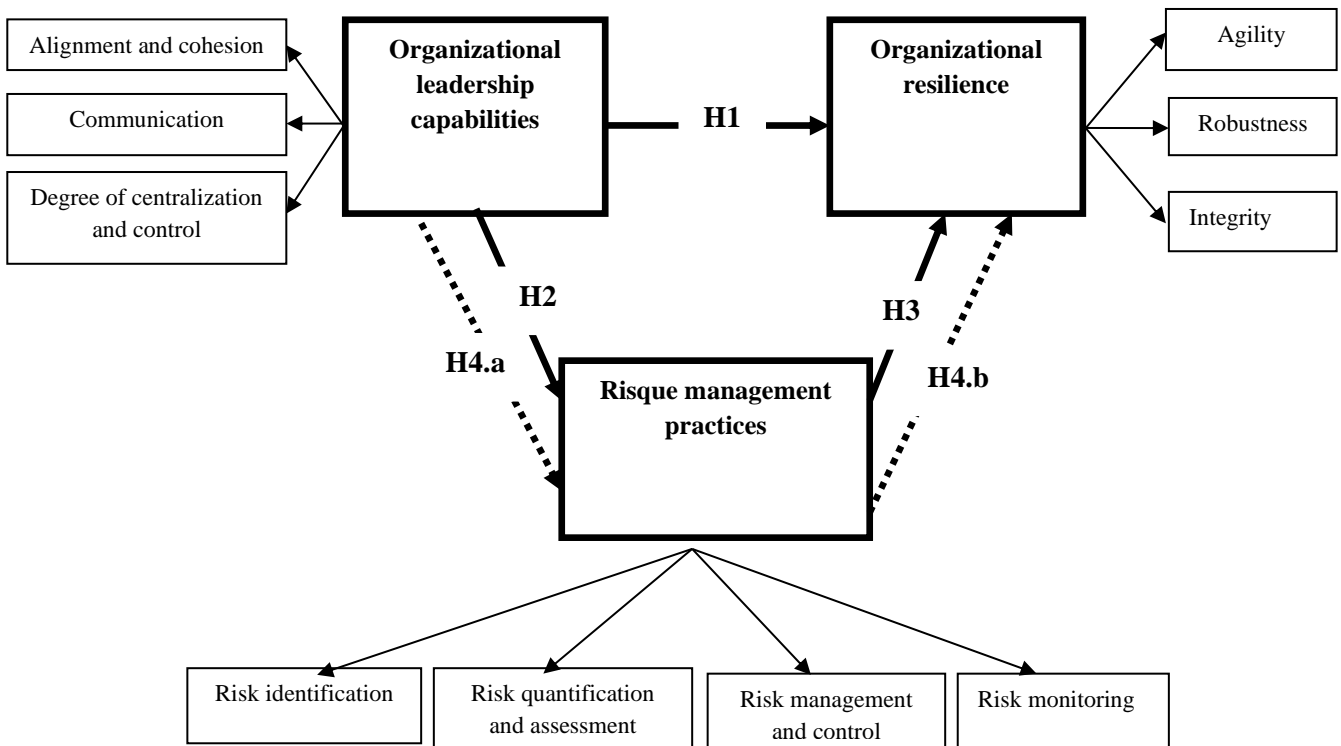
Authors	Contributions
Al-Abrow et al (2019)	Risk management partially influences the impact of project performance.
Bogodistov et Wohlgemuth (2017)	Risk management capabilities enable companies to develop and maintain their resilience in turbulent environments.
Ambulkar et al (2015)	The company must have the capacity and skills to reorganize its resources according to need, and to implement risk management.
Riley et al (2016)	Risk management practices help companies deal with deficiencies proactively and reactively, promoting robustness and agility that enhance value and performance.

Source: Authors

Hypothesis 4: Risk management practices mediate the relationship between organizational leadership capacity and organizational resilience.

Based on the literature review and the proposed hypotheses, the conceptual model developed for our research is presented below :

Figure 1 : the conceptual model



Source: authors

3. Discussion

The results of this study confirm the hypothesis of a significant impact of organizational leadership capabilities on corporate organizational resilience, as suggested by previous studies (Dartey-Baah, 2015; Baharin et al, 2021). in addition, the results of this theoretical study indicate that:

- * Organizations must have good, professional leaders with strong, comprehensive capabilities to enable safe navigation towards the company's ultimate goal.
- * The appointment of a director or senior manager is necessary, as his or her decisions and leadership determine the future of the organization.
- * Good risk management practices will help organizations to be more agile and therefore more flexible.
- * A proactive approach to preparing for an uncertain future will benefit companies.
- * Organizations need to invest in a robust risk management system, and train themselves to be proactive and preventive in detecting opportunities in the environment.

Roughly speaking, companies could develop and increase their resilience by applying good risk management and having good leaders able to perceive the risks and opportunities in each

adverse event in order to reconfigure all the capabilities held by companies to seize opportunities

4. Conclusions

The role of risk management practices in promoting resilience and mediating between leadership capabilities and organizational resilience. The resilience of an organization can be built up over time, and strengthened each time it overcomes adversity.

Develop strategic planning scenarios to strengthen organizations in times of disruption and turbulence.

This study is part of a growing body of research that has attempted to highlight the relationship between two major concepts, namely leadership capabilities and OR, through the development of a conceptual model to help organizations cope with environmental change. It adds to the growing body of knowledge on risk management and corporate resilience from the perspective of dynamic capabilities theory.

We believe this study provides valuable information. Further research is needed to deepen the existing knowledge, especially in emerging markets. Empirical work is needed to test the research hypotheses.

The aim of this study was to develop a provisional conceptual framework. Consequently, future research could focus on other capabilities that may play a role in creating and sustaining corporate resilience. Research to gather the perceptions of all stakeholders so that business resilience can be developed as a process and objective by all stakeholders. A more in-depth study of business resilience in different sectors and in different emerging countries would be beneficial in this sense.

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