RISK MANAGEMENT PRACTICE AND ORGANIZATIONAL PERFORMANCE: THE MEDIATING ROLE OF BUSINESS MODEL INNOVATION

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ABSTRACT

Purpose: This paper examines the effect of risk management practices on organizational performance and the mediating role of business model innovation in Nigeria.

Design/Methodology/Approach: This research uses quantitative research methods. The paper uses a sample of 83 employees, with data collected through an online questionnaire using a Likert scale using a scale of 5, and the data was analyzed using partial least square structural equation modeling (PLS-SEM). The stages of data analysis begin with testing the validity and reliability of the instrument, determination and finally testing the hypothesis.

Findings: The results showed that practices for risk management and financial performance had a direct and large effect on financial performance. Furthermore, risk management practices are linked to non-financial performance. The result shows that business model innovation has a negative relationship with non-financial performance. It has a positive impact by meaningfully strengthening financial relationships; a partial mediating result was revealed for the relationship between risk management practices and non-financial behaviors.

**Keywords:** Risk Management, Business Model Innovation, Organizational Performance.
Practical implications: The results of this research can be used by government agencies and financial institutions to better comprehend the connection between BMI, risk management, and performance. Academics can use it to validate existing hypotheses and discover new ones.

Original/Value: This research adds to the body of knowledge in the field of model development by illustrating the impact of risk management strategies and the mediating effect of business model innovation. In the Nigerian context, a lack of this might lead to inefficiencies in attaining organizational performance.

Keywords: risk management practices, business model innovation, financial performance, non-financial performance, firm performance.

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PRÁTICA DE GERENCIAMENTO DE RISCOS E DESEMPENHO ORGANIZACIONAL: O PAPEL MEDIADOR DA INOVAÇÃO DO MODELO DE NEGÓCIOS

RESUMO

Objetivo: Este documento examina o efeito das práticas de gestão de risco no desempenho organizacional e o papel mediador da inovação do modelo empresarial na Nigéria.

Design/Metodologia/Abordagem: Esta pesquisa utiliza métodos de pesquisa quantitativa. O trabalho utiliza uma amostra de 83 funcionários, com dados coletados por meio de um questionário on-line usando uma escala de Likert de 5, e os dados foram analisados usando modelagem parcial de equações estruturais pelo menos quadradas (PLS-SEM). As etapas de análise de dados começam com o teste da validade e confiabilidade do instrumento, determinação e, finalmente, teste da hipótese.

Conclusões: Os resultados mostraram que as práticas de gestão de risco e o desempenho financeiro tiveram um efeito direto e significativo no desempenho financeiro. Além disso, as práticas de gestão dos riscos estão ligadas ao desempenho não financeiro. O resultado mostra que a inovação no modelo de negócios tem uma relação negativa com o desempenho não financeiro. Tem um impacto positivo ao fortalecer significativamente as relações financeiras; um resultado de mediação parcial foi revelado para a relação entre as práticas de gestão de risco e os comportamentos não financeiros.

Implicações práticas: Os resultados desta pesquisa podem ser usados por agências governamentais e instituições financeiras para compreender melhor a conexão entre IMC, gestão de risco e desempenho. Os acadêmicos podem usá-los para validar hipóteses existentes e descobrir novas.

Original/Valor: Esta pesquisa agrega ao corpo de conhecimentos no campo do desenvolvimento de modelos, ilustrando o impacto das estratégias de gestão de risco e o efeito mediador da inovação do modelo de negócios. No contexto nigeriano, a falta disso pode levar a ineficiências na obtenção de desempenho organizacional.

Palavras-chave: práticas de gestão de riscos, inovação do modelo de negócios, desempenho financeiro, desempenho não financeiro, desempenho da empresa.
1 INTRODUCTION

Corporations utilize time-tested methods to ensure that their profitable operations continue to thrive and expand their customer base and revenue streams for the foreseeable future. Yang et al. (2018) say that public pressure and government procedures have helped corporate organizations understand the status of their financial and non-financial performance. Considerably, several strategies, such as the introduction of financial resources, knowledge management, intellectual capital, and entrepreneurial orientation, have been made known to increase required financial and non-financial performance among financial institutions in Nigeria (Aminu et al., 2015). Thus, all these strategies were found to be relevant and equally essential. Risk management practices are missing as a critical predator of performance in financial institutions due to their persistent engagement in reducing financial loss and risk (Akinleye & Olaoye, 2021; Hutahayan, 2020a).

After the global financial crisis of 2007 and 2008, which hit both developed and developing countries, financial institutions tried to set up formal risk management practices to protect against possible financial risk (Hutahayan, 2020a; Njogo, 2012; Olusanmi et al., 2015). Financial institutions must have practices for managing risks if they want to be profitable and do well (Oudat & Ali, 2021). According to Bernardo et al. (2018), the financial indices framework will significantly improve costs by 9.22% and profits by 16.34% in the financial sector.

Even though there have been many studies on this topic, we still don't know if risk management has a direct or indirect effect on the performance of Nigerian financial institutions through business model innovation as a mediating variable. Mupani (2019) praised the establishment's performance, particularly during a difficult period. Hence, the introduction of business model innovation as a mediator might have an influence on non-financial performance, which will also receive significant consideration. Research has indicated that business model innovation does not influence performance but does come with strategies and available resources of the establishment (Al-Nimer et al., 2021; Schneckenberg et al., 2021).

For business model innovation to work well and for financial performance in the sector to improve, financial institutions need to have a business-like mindset (Lopatta & Tchikov, 2016). It is still a topic of interest, and Schneckenberg et al. (2021) found a gap in the research that suggests risk management practices help businesses improve their
management and performance. It is said that business model innovation needs risk-taking behaviors to have an effect, which is something that is still missing from previous studies. It has been said that the mediating effect of business model innovation affects enterprise strategies and resource performance, but the impact of the risk management process on financial performance through business model innovation has not yet been mapped (Swartz, 2013).

Additionally, the reasons for introducing business model innovation to mediate risk management and financial performance are that existing literature has presented findings indicating a positive, negative, or no relationship (Breier et al., 2021). While some studies indicate that risk management practice do not directly influence firm performance, other variables may either moderate or mediate their relationship (Hutahayan, 2020a). Meanwhile, our findings could help risk and finance managers understand how important risk management techniques are when making a business plan that will make money. To figure out how risk management practices affect the performance of financial institutions, it's important to look at the role that business model innovation plays in making that possible. There are also a number of practical things that bank and financial institution managers in Nigeria and other places can learn from this research. It will help the finance industry build a useful BMI by encouraging the best risk management practices.

2 CONCEPTUAL BACKGROUND

2.1 THE NIGERIAN FINANCIAL INSTITUTION

The financial sector in Nigeria is holding 44.2 percent and will be dominated by financial institutions during 2021. The microfinance banks are measured as the most significant among all financial sectors due to their attention to any financial progression and their performances as a safety net for the financial sector. Financial establishments offer financial services such as loans and the letting of resources to clients, and they also promise to reduce potential losses since they are closer to the people (Raza Rabbani et al., 2021).

By applying a strategy across the enterprise that acknowledges the possible measures to successfully manage risk within its desire, top management and other administrative personnel advance the organization toward the achievement of its objectives, which is the definition of risk management. The introduction of risk
management as a tool toward attractive corporate governance practices is a risk that is classifiable into groups such as investment risk, business risk, financial risk, and non-financial risk (Allabdullah, 2022; Shad et al., 2019). The financial institution, which is the content of the paper, comprises different financial risks (Cheng et al., 2020; Fadun & Oye, 2020). In the study by Okafor and Fadul (2019), a high notch of strength involved in disclosing risk contains both mandatory and voluntary disclosure, which has recently been moved to strategic risk management as a result of separating operational risk from strategic risk in the financial institution. A risk management tool is used to evaluate an entity's competitive advantage where the structure is based on a continuing mediating role associated with performance (Yang et al., 2018).

2.2 FINANCIAL AND NON-FINANCIAL PERFORMANCE

A company's survival and growth depend on its ability to create economic success (Aribaba et al., 2019a 2019b; Rotimi et al., 2021; Young et al., 2005). Consequently, "economic performance and profit creation" have been seen as crucial criteria in many studies as a means of determining sustainability (Bitektine & Haack, 2015). Since it is possible to put a monetary value on the financial performance of a business, this metric has been widely used in academic research. It is vital to take into account both financial and non-financial factors when evaluating a company's success, as many financial indicators have been proven to be divorced from a firm's long-term growth strategy and hence improper for measuring future value. Non-financial performance indicators include things like how happy customers are, how the company is seen, and how quickly new products are adopted. The process and qualitative factors of business operations are measurable indicators (Searcy, 2012; Walls, Berrone & Phan, 2012).

There is a lack of context beyond financial results for assessing the risks associated with an evolving business climate and the viability of achieving long-term viability as a company. Therefore, it is crucial to assess success in other areas besides finances. Furthermore, many studies contend that the non-financial success of a firm's activities has a direct impact on the firm's financial performance (Albuhisi & Abdallah, 2018; Baker & Sinkula, 2005).
2.3 BUSINESS MODEL INNOVATION

There has been an increased focus by researchers (Burström et al., 2021; Iheanachor et al., 2021; Zubair et al., 2022) on the application of business model innovation in examining the financial and non-financial performance of organizations listed on the Nigerian Exchange Group market (Enomate & Audu, 2021). Business model innovation is the finding of a basically diverse existence within an entity with the business logics to capture shareholder value (Ayuba et al., 2019; Hutahayan, 2020b). The progress in the mandate to partake in the management conference has also given similar experience on the effect of business model innovation in running the activities of an entity (Karlsson et al., 2018).

Consecutively, business model innovation includes changing and understanding the operational roles by addressing the operational characteristics, such as progressions, relationships, or buildings (Buhmann & Likely, 2018). Lastly, the new corporate structure is linked to the role of business model innovation, which was planned ahead of time. To this end, business model innovation aims to support the organization in evolving its strategy (Bocken et al., 2019). Business model innovation influences organizational financial performance, making it more prospective to survive for a longer period.

2.4 REVIEW OF LITERATURE AND HYPOTHESIS DEVELOPMENT

2.4.1 Risk management, financial and non-financial performance

The financial sector has chosen risk management techniques to cut costs, risks, and possible losses. (Moradi & Mokhatab Rafiei, 2019). Numerous academic studies have established that risk management significantly affects the financial success of a business taking cognizance of operational excellence (Nwude & Okeke, 2018; Wang et al., 2020). Saeidi et al. (2019) reveal a strong correlation with risk associated between the financial disclosure, organizational financial aspects, the size of the firm, and the independence of the auditor. In a study by Ichsan et al. (2021), a connection was measured between measures of financial performance and risk management applications in the financial industry, and a significant positive relationship was found. Fernando et al. (2019) explore the risk management practices as an insubstantial source that suggestively enhances the businesses performance. According to the findings of Gazi et al. (2022), risk management has a significant impact on the financial performance of listed firms in the financial sector. Additionally, Okere et al. (2018) found that risk management disclosure significantly
increases a company's performance. According to Shaheen et al. (2020), risk management significantly and favorably affects banks' profitability, providing vital information to shareholders.

Nguyen (2022) examines ASEAN banks' risk management efficacy and how risk governance improves it. Discovery hangs on the efficacy of low-risk management in ASEAN banks. Focusing on insolvency, credit, and operational risk management in ASEAN countries, dynamic panel models employing the two-step GMM technique demonstrate a favorable correlation between risk governance structure and its effectiveness and the effectiveness of bank risk management. Research like this helps regulators establish rules for managing bank risk and maintaining bank stability through risk governance.

According to a recent study by Bello et al. (2019), a firm's performance can be significantly and favorably impacted by four elements of the risk management framework, which can be helpful for the inner environment, goal-setting, control, and monitoring activities. The study by Al-Nimer et al. (2021) showed how much risk management impacts an organization's performance. In addition, their research revealed that a risk committee, a crucial governance structure, significantly enhances the benefits of risk management for organizational performance. Consequently, the following hypotheses are put forth:

H1: Risk management practices significantly influence the financial performance of organizations
H2: Risk management practices significantly influence the non-financial performance of the organization

2.4.2 Risk management practice and Business model innovation

Iheanachor et al. (2021) mentioned that not much is known about risk management in the context of business model innovation. There hasn't been enough research to really know when and how risk management can be added to the process of coming up with a new business model for a company (Abba et al., 2022). The company’s risk management model aids businesses in matching their method and risk appetite with the risk behavior decisions made during the innovation phase (Wang et al., 2022).

Furthermore, by applying risk management during the novelty progression, the associated risks with the complexity and unpredictability of creating and executing a new
model are lessened (Burström et al., 2021). As a result, it is advantageous to incorporate risk management procedures into a strategic performance model for creative firms. Business model innovation is difficult, risky and unknown (Effiom & Edet, 2022). It also requires a lot of money. Even though many businesses have a "no risk, no reward" mentality, a poorly executed business model innovation could hurt or kill a company's core operations (Zubair et al., 2022). In light of this, the following hypothesis is put forth:

H3: Risk management practice positively influence business model innovation

2.4.3 Business model innovation and organizational performance

In recent research, business model innovation and company performance have been compared. It was found that different business model innovations affect firm success as measured by metrics like financial, operational, and environmental performance (Al-Nimer et al., 2021). According to Al-Nimer et al. (2021), businesses must create an appropriate business model to achieve superior financial performance. Business model innovation has a significant and beneficial impact on small firms' performance.

But efficiency-focused business model innovation improves environmental performance, so business model innovation affects firm performance (Ariffin & Kassim, 2011; Asllanaj, 2018; Elamer & Benyazid, 2018). So, a company's innovation performance has a positive effect on its overall performance (Fatimah and Lestari, 2021; Finger et al., 2018). Business model innovation is a big part of how well businesses with an entrepreneurial spirit do around the world. Also, better management of innovation capability can lead to better innovation results, which can improve financial performance (Gill et al., 2018). As a result, the following hypotheses are put forth:

H4: Business model innovation significantly influences the financial performance of an organization.

H5: Business model innovation significantly influences the non-financial performance of an organization.

2.4.4 The role of business model innovation between risk management and organizational Performance

Risk management is a key part of making a successful business model that could make organizations more productive and profitable (Kotaskova et al., 2020). Risk management helps create an organizational model that lowers costs and takes risks, which
helps firms make money (Njogo, 2012). According to Fadun and Oye (2020), risk management helps with the management process and with better resource management for social and sustainable activities. Business model innovation is seen as a key way that opportunity recognition affects firm performance because there is a strong link between opportunity identification as a business model innovation and firm success (Ahmed & Manab, 2016). Business model innovation also acts as a limited go-between between how well an organization does its job and how much it focuses on its customers. Business model innovation has also been suggested as a way to measure how well a company is doing financially (Bocken et al., 2019; Cheng et al., 2020). This is because it can act as a bridge between international research and development sourcing methods and sales growth. As a result, the following hypotheses are provided:

H6: Business model innovation mediates the relationship between risk management and the financial performance
H7: Business model innovation mediates the relationship between risk management and the non-financial performance

Figure 1 depicts the predicted correlation along with the independent variables.

Figure 1. Research Model

Source: Preparation of the authors, 2023.

3 METHODOLOGY
3.1 RESEARCH DESIGN SAMPLE METHODOLOGY

Based on practical advice from the Nigerian Finance Corporation, existing theories are judged using quantitative and inferential methods. This article is aimed at
financial institutions in Nigeria, viz., currency exchange offices, commercial banks, development financial institutions, discount companies, finance companies, holding companies, commercial banks, conventional banks, microfinance banks, and non-interest banks. Since some organizations have not reported data on risk management practices in recent years, self-reported measures were used. Additionally, it is difficult to measure business model innovation when the information is not available in the organization's databases.

Data were collected from staff in each organization using a structured questionnaire. There was a total of 100 questionnaires sent to the selected organizations. The top management team and the manager in charge of the organization's strategic planning asked as many as 92 employees to fill out a questionnaire. The questionnaires are made in English so that the target group can easily understand them. A total of 9 responses were rejected over the four-month period (i.e., October 2022 to January 2023), including some questionnaire errors and missing key information on some variables, resulting in their exclusion from the survey. Therefore, the total number of 83 responses corresponds to a response rate of 83%. The most frequently contributing organizations are financial institutions, followed by non-financial organizations. Most companies only have 25 to 45 employees.

3.2 MEASUREMENT OF VARIABLES

The variables in this paper are quantified using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The first variable talked about is the risk management practice items, which show how much risk the organization manages and how it does it. Four items from previous studies (Hamzah et al., 2022; Jalilvand & Moorthy, 2022) were used to measure risk management practice. The reason for the adoption of the questionnaire is traced to the reliability value of 0.70. Also, the items met the requirements for convergent validity and composite reliability in an emerging economy. The Business Model Innovation is the second variable that includes the reformation of the prevailing model in a way to increase higher value (Zhang & Zhu, 2022). This paper used 5 items that are mostly used in the literature on organization and have been validated by (Liu et al., 2022; Wisdom & Isiaka, 2018) with 0.91 and 0.90, respectively.
In this study, the term "financial performance" refers to terms like "return on equity" and "net income" that have to do with how profitable an organization is. When it comes to quoted-listed companies, secondary data and financial reports can be used to figure out how well the company is doing financially. Still, it can be hard for researchers to figure out how well an organization is doing financially if they don't have enough or any data (Nzekwe et al., 2021).

4 DATA ANALYSIS TECHNIQUES AND RESULTS

Preliminary screening tests were performed, and the hypotheses were tested using Partial Least Square Structural Equation Modeling Software (SmartPLS-SEM 4.0).

4.1 DESCRIPTIVE PROFILE OF THE RESPONDENTS

Responses to questions about respondents' gender, education, and work experience are summarized in Table 1. To get started, men made up 60% of the sample while women made up 40%, according to the gender distribution. This demonstrates that in the chosen region of Nigeria, SMEs practice gender equality. Five-and-a-half percent have a bachelor's degree or above, followed by 36 percent with a master's or higher, and 10 percent with some other kind of credential. When asked how long they've been in business, nearly half of respondents (48%) said they've been in the industry for one to five years, while 36 percent said they've been in it for six to ten years, and 16 percent said they've been in it for more than a decade.

<table>
<thead>
<tr>
<th>Demographic Parameters</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>Female</td>
<td>33</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>45</td>
<td>54</td>
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<tr>
<td>Postgraduate</td>
<td>30</td>
<td>36</td>
</tr>
<tr>
<td>Others</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Experience</td>
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<td></td>
</tr>
<tr>
<td>1-5 Years</td>
<td>40</td>
<td>48</td>
</tr>
<tr>
<td>6-10 Years</td>
<td>30</td>
<td>36</td>
</tr>
<tr>
<td>11-20 Years</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Authors Computation, 2023.
4.2 MEASUREMENT MODEL

Data validity and reliability are the two most important ways to test the fitting process. Validity is how well an instrument is built to measure the specific ideas it was made to measure, and reliability is how consistently it measures each of the ideas it was made to measure. In this paper, convergent validity is studied to find out how well different things that point to the same idea agree with each other. As Sovey et al. (2022) explain, convergence validity checks were done on the extracted factor loadings, composite reliability, and mean variance. Items are loaded above the threshold of 0.6 (suggested by Hair et al., 2021; Sovey et al., 2022). All of these exceeded the suggested value of 0.7 for composite reliability, which is a test of how well a measurement tool measures the agreement of each idea it measures (Aravindan et al., 2022; Olaleye et al., 2021, Olaleye et al., 2023). The extracted mean variances are all greater than 0.5, as indicated in Table 2 below.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Indicators</th>
<th>Loading</th>
<th>CA</th>
<th>Rho-A</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>FIP1</td>
<td>0.888</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FIP2</td>
<td>0.772</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FIP3</td>
<td>0.802</td>
<td>0.763</td>
<td>0.805</td>
<td>0.861</td>
<td>0.675</td>
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<tr>
<td>Non-Financial performance</td>
<td>NFP1</td>
<td>0.720</td>
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<td></td>
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<tr>
<td></td>
<td>NFP2</td>
<td>0.720</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>NFP3</td>
<td>0.820</td>
<td>0.813</td>
<td>0.823</td>
<td>0.869</td>
<td>0.570</td>
</tr>
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<td></td>
<td>NFP4</td>
<td>0.734</td>
<td></td>
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<tr>
<td></td>
<td>NFP5</td>
<td>0.777</td>
<td></td>
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<td>Risk management practice</td>
<td>RMP1</td>
<td>0.775</td>
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<tr>
<td></td>
<td>RMP2</td>
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<td>0.680</td>
<td>0.705</td>
<td>0.822</td>
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<td></td>
<td>RMP3</td>
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<tr>
<td>Business Model Innovation</td>
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<tr>
<td></td>
<td>BMI2</td>
<td>0.749</td>
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<tr>
<td></td>
<td>BMI3</td>
<td>0.857</td>
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<td></td>
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<tr>
<td></td>
<td>BMI4</td>
<td>0.767</td>
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<tr>
<td></td>
<td>BMI5</td>
<td>0.810</td>
<td>0.890</td>
<td>0.892</td>
<td>0.916</td>
<td>0.646</td>
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<td></td>
<td>BMI6</td>
<td>0.819</td>
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</tr>
</tbody>
</table>

Note: CA=Cronbach's Alpha, CR=Composite reliability, rho= rho_A reliability indices, AVE= Average Variance Extracted, a= Diagonal values in bold are the square root of AVE.

Source: Authors Computation, 2023.

4.3 INTER-CONSTRUCT, CONVERGENT AND DISCRIMINANT VALIDITY

The inter-construct, convergent, and discriminant validity analysis of this paper has progressed. The HTMT ratio criterion was used to evaluate the items' ability to differentiate across theoretically distinct conceptions or perspectives (Bernarto & Purwanto, 2022). Both assessments show that the measures used in this study are both valid and reliable.
Table 3. Inter-construct, convergent and Discriminant Validity.

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>Business Model Innovation</th>
<th>Financial Performance</th>
<th>Non-Financial Performance</th>
<th>Risk management practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Model Innovation</td>
<td>0.804</td>
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<tr>
<td>Financial Performance</td>
<td>0.714</td>
<td>0.822</td>
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</tr>
<tr>
<td>Non-Financial performance</td>
<td>0.702</td>
<td>0.641</td>
<td>0.755</td>
<td></td>
</tr>
<tr>
<td>Risk management practice</td>
<td>0.610</td>
<td>0.638</td>
<td>0.687</td>
<td>0.779</td>
</tr>
</tbody>
</table>

Source: Authors Computation 2023.

Figure 2. Measurement model of risk management practice.

4.4 ASSESSING THE STRUCTURAL MODEL

Theoretical assumptions were examined between Figure 2 and Table 4 of the identified constructs in the structural model. Bootstrapping with 3,000 subsamples, according to Hair Jr. et al. (2020), determined the effect sizes (R2, beta, f2, and t). Check out table 4 for these numbers. We looked at how each predictor variable affected the outcome variables directly. Financial performance (FIP) was found to be positively influenced by H1 and RMP (t = 3.330, p 0.001). In addition, H2: Risk management practice (RMP) is positively related to non-financial performance (NFP) (t = 4.598, p = 0.000, r2 = 0.372), and H3: Risk management practice (RMP) is positively related to business model innovation (BMI) (t = 6.403, p = 0.000, r2 = 0.372) (Elhaj et al., 2022; Lisdiono et al., 2022). Business model innovation (H4) and H5, which act as mediators in the model, are found to have a positive and statistically significant effect on both the
financial and non-financial outcomes for a firm (R2 = 0.90 and 0.575, respectively). In addition, as hypotheses 4 and 5 demonstrate, business model innovation (BMI) revealed a significant indirect association between risk management practice (RMP), financial performance (FIP), and non-financial performance (NFP) of an organization (t = 4.225, p > 0.000; t = 3.950, p > 0.000); these results are consistent with the first three hypotheses. The risk management practice (RMP), the financial performance (FIP), and the non-financial performance (NFP) of a business all took major detours at the same time due to the indirect effect (Eshnaf & Alawi, 2022).

Table 4. Results of the path Analysis.

<table>
<thead>
<tr>
<th>Direct effects</th>
<th>Std. Beta</th>
<th>Std/error</th>
<th>P. values</th>
<th>t-value</th>
<th>t²</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: RMP-FIP</td>
<td>0.323</td>
<td>0.097</td>
<td>0.001</td>
<td>3.470</td>
<td>0.154</td>
<td>Accept</td>
</tr>
<tr>
<td>H2: RMP-NFP</td>
<td>0.412</td>
<td>0.090</td>
<td>0.000</td>
<td>4.359</td>
<td>0.267</td>
<td>Accept</td>
</tr>
<tr>
<td>H3: RMP-BMI</td>
<td>0.610</td>
<td>0.095</td>
<td>0.000</td>
<td>6.626</td>
<td>0.591</td>
<td>Accept</td>
</tr>
<tr>
<td>H4: BMI-FIP</td>
<td>0.517</td>
<td>0.097</td>
<td>0.000</td>
<td>5.639</td>
<td>0.395</td>
<td>Accept</td>
</tr>
<tr>
<td>H5: BMI-NFP</td>
<td>0.451</td>
<td>0.084</td>
<td>0.000</td>
<td>5.069</td>
<td>0.319</td>
<td>Accept</td>
</tr>
<tr>
<td>H6: RMP-BMI-FIP</td>
<td>0.315</td>
<td>0.075</td>
<td>0.000</td>
<td>4.225</td>
<td>0.342</td>
<td>Accept</td>
</tr>
<tr>
<td>H7: RMP-BMI-NFP</td>
<td>0.0275</td>
<td>0.070</td>
<td>0.000</td>
<td>3.950</td>
<td>0.320</td>
<td>Accept</td>
</tr>
</tbody>
</table>

Source: Authors Computation 2023.

Figure 3. Structural model of risk management practice.

Source: Results of analysis by authors
5 DISCUSSION AND CONCLUSIONS

Organizations use risk management practices to find and deal with possible risks that could hurt the company's performance. These practices can include risk assessments, insurance, risk-mitigating investments, and disaster recovery plans. Adopting effective risk management practices can help a firm minimize losses and increase overall performance by making it more resilient to unexpected events (Liu et al., 2018). Studies have shown that firms that implement robust risk management practices tend to have better financial performance and are more likely to survive in the long term (Iheanacho et al., 2021; Jalilvand & Moorthy, 2022; Kotaskova et al., 2020; Njogo, 2012).

Business model innovation (BMI) is the process of creating new business models or making big changes to existing ones in order to make customers, shareholders, and other stakeholders happy. Edor (2020) says that BMI can be a middleman between how risk is managed and how well a company does. By using good risk management practices, firms can create a more stable and predictable place to work. This can free up resources and make it easier to try out new business models. This trying out can lead to new ways to make money and save money, which can help the business do better overall. BMI can also help businesses find and deal with risks that are unique to their industry or business model. For example, a company that operates in a highly regulated industry may need to adopt different risk management practices than a company in a less regulated industry (Effiong & Ejabu, 2020). By making changes to enterprise business model, new opportunities can be found, and certain regulatory risks dealt with. In short, good risk management practices can create a stable environment where companies can try out new business models, which can help them do better. Business model innovation can also help companies deal with risks that are unique to their industry, which can help them do even better.

Researchers have paid close attention to risk management practices, but they have focused more on theoretical and exploratory discussion than on practical advice (Lorentz et al., 2021). Literature (Al-Nimer et al., 2021; Le et al., 2021; Mhlanga, 2021; Okafor & Calderon, 2022) has shown that there is a direct link between risk management practices and how well firms do in both industrialized and emerging economies. But scholars haven't talked much about how risk management practices affect the financial performance and non-financial performance of the chosen financial organization (Ogunode et al., 2022). The mediating role that business model innovation plays between...
risk management practice and firms’ performance has generally gone unrecognized (Al-Nimer et al., 2021). This paper thus measured the mediating role of business model innovation between risk management practices and financial and non-financial performance in an emerging economy through the selected financial and non-financial related organizations.

Also, the resource-based view theory can be tested by looking at how risk management practices affect the financial and non-financial performance of financial organizations in an emerging economy. Most researchers who have looked at the link between risk management practices and financial performance (Khanra et al., 2022), and have talked about the resource-based view theory, despite its context negligence among emerging economy.

This paper shows that risk management practices have a big effect on the financial performance of financial organizations, which means that hypothesis one (H1) is true. The finding shows that our result is in favor of prior scholars’ findings that a significant positive relationship exists between risk management practice and the financial performance of organizations (Saeidi et al., 2019; Yang et al., 2018). Our findings revealed that risk management practices have a direct impact on the financial performance of organizations in Nigeria. The second hypothesis (H2), which is to examine the influence of risk management practices on the non-financial performance of the organization, is supported by a significant positive relationship, which is consistent with the result of Oluseyi (2022), which is that risk management practices lead to the effective routine of the organization. Furthermore, Rehman and Anwar (2019) also specified that risk management practices significantly contribute to the non-financial performance of financial organizations.

In the same way, our paper looked at the positive and significant link between ERM and environmental performance and was optimistic about the financial sector. Our results are related to Singh (2020; Wisdom and Isiaka, 2018).

This suggests a positive relationship between ERM and sustainability practices. similar, our results support Onsongo et al.’s ERM and sustainability practices. similar, our results support Onsongo et al. (2020), who studied the positive relationship between ERM and enterprise risk management and the company’s sustainable development activities. Positive findings for H3 were found in this investigation into the link between ERM and BMI. This is in line with the findings of Oke and Wale-Awe (2018), who detailed the
positive outcomes that result from incorporating risk management methods into a strategic performance model inside a creative enterprise. However, many organizations opt to include some form of risk management throughout the BMI procedure. (Cheng et al., 2020).

Organizational effectiveness as it relates to BMI was the focus of this research. Financial and non-financial performance has been demonstrated to be positively correlated with BMI, giving support to Hypotheses 4 and 5. Our findings are consistent with those of Bocken et al. (2019), who find that body mass index has a considerable effect on business success. The findings agree with the information presented in the prior unit. Wang et al. (2020) looked at the relationship between BMI's balance of exploratory and exploitative innovation activities and the company's non-financial performance and found a favorable association. The innovativeness of an organization can increase its success (Zubair et al., 2022). There are a number of elements, including a company's business style, that might affect the correlation between risk management and financial results. It is an important aspect of financial management and can have a significant impact on an organization's financial performance. Business model innovation, which refers to the creation or modification of an organization's revenue-generating activities, can also have a significant impact on financial performance (H5). In general, effective risk management can help organizations identify and mitigate potential risks, which can in turn improve financial performance. However, business model innovation can also create new risks that need to be managed. For example, business model innovation may involve new products, services, or business processes, which can create new risks such as reputational risks, legal risks, or risks associated with the implementation of new technologies. Additionally, some business models may be riskier than others, and organizations need to be aware of these risks and take steps to mitigate them (Okafor & Fadul, 2019). On the other hand, effective risk management can
also contribute to non-financial performance by promoting transparency, trust, and integrity, which are crucial for maintaining good relationships with customers, suppliers, employees, regulators, and other stakeholders. Overall, both risk management and business model innovation are important for achieving good non-financial performance. Organizations need to consider the potential risks and benefits of different business models and implement effective risk management strategies to ensure that they are able to achieve their non-financial performance goals.

This research concluded that BMI has an effect on risk management practices (RMP) and the performance of financial and non-financial enterprises in Nigeria's financial industry. Using a structured questionnaire, data were collected from 83 different banks across Nigeria. PLS-SEM was used to evaluate the study's hypotheses. The findings show that RMP practices significantly affect both business success and body mass index (both financial and non-financial). Relationship management practices (RMP) have an indirect effect on financial and non-financial success through BMI. Finding the right balance between risk management and performance, as well the nexus between the relevant constructs.

**IMPLICATIONS FOR PRACTICE**

The link between risk management practices, new business models, and how well a company does have important implications for businesses. By understanding the role that BMI plays in the relationship between risk management and performance, firms can take steps to improve their risk management strategies and use business model innovation more effectively to drive performance. Organizations should consider the role of BMI when developing their risk management strategies. By taking a holistic approach that considers both risk management and business model innovation, firms can create a more robust and effective risk management framework that is better aligned with their overall business strategy. Organizations should actively seek out opportunities to innovate their business models, as this can create new revenue streams and cost savings that can improve overall performance. Also, by making changes to their business model, they can deal with risks that are specific to their industry or business model, which can improve performance even more. Organizations should also think about how the way they handle risks can affect their
ability to come up with new ideas. For example, an overly restrictive risk management culture could stifle innovation, while a more flexible approach could encourage experimentation and further improve performance. Organizations should also consider how their risk management practices can affect their ability to innovate. For example, an overly restrictive culture of risk management could stifle innovation, while a more flexible approach could encourage experimentation. Thus, a balance between risk management and innovation is highly important.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The relationship between risk management practices and firm performance has been studied a lot, but more research is still needed to fully understand it. One thing that could be looked into in the future is how business model innovation affects this relationship. Business model innovation, or the process of making new business models or improving old ones, has been shown to improve how well a company does. But no one really knows how exactly business model innovation makes the connection between risk management and firm performance. Research in this area tends to be limited by the availability of data. Data on risk management practices and firm performance can be difficult to obtain, and there are often issues with the quality and consistency of the data. Future research could benefit from taking a more holistic approach to studying risk management and firm performance. Rather than focusing on individual risk management practices, researchers could investigate how different practices are integrated and combined to achieve optimal outcomes. In conclusion, there is a need for more research to fully understand the relationship between risk management practices, firm performance, by introducing mediating and moderating variables that are industry-based.
REFERENCES


