



Determinants of Enterprise Risk Management (ERM) Implementation in Selected Enterprises in the Southern Highland Zone

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Abstract

The study assessed the determinants of Enterprise Risk Management Implementation in Selected Enterprises in the Southern Highland Zone. The study specifically focused on enterprise size, capital invested, enterprise ownership, enterprise products/service offered, their influence on ERM implementation. Using mixed research methods, questionnaires and an interview guide were used to obtain primary data from selected companies. The research design employed was correlation design. Data were then analyzed using descriptive (frequencies and percentage) and inferential (regression analysis) statistics. Findings reveal that Environmental risks (22%), unpredictable changes, health risks (17%), credit risks (15%), market risks (11%) were the major perils facing firms. Regarding the influence of the nature of products or services provided by a firm on ERM, a weak positive correlation value ($r = 0.062$, $p = 0.543$) was established, which indicates a weak relationship between products/services offered and the implementation of ERM. A high positive relationship correlation was also revealed between enterprise size and capital invested in ERM implantation. Lastly, there was a negative relationship between firm ownership and ERM implementation. It was therefore recommended as per study findings Management should ensure prompt implementation of ERM activities in organizations by recruiting competent finance and resource managers. Employee training programs should be conducted by risk management consultants and not directorate managers. Also, the government should develop policies that compel firms to implement risk management measures. A holistic ERM structural framework that clearly defines implementation standards for all firm categories should also be established.

Keywords: Risk, Enterprise risk management, Capital, Firm size and firm ownership

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