Problems of Risk Management Techniques Implementations of Small-Scale Enterprises in the Case of Selected Small and Micro Enterprises Wolaita Sodo City Administration, Southern Ethiopia

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Abstract: ***All kinds of Enterprises face difficulty by natural, political, socio-economic and cultural influences that make their operating environments uncertain. Moreover, business risks such as operating risks, strategic risks, market risks, country risks, compliance/liability risks are most common to any form of businesses. These influences may impact on the extent to which objectives can be met. The small-scale business organizations are also part this environment and touchable by these risks and are required to act to manage and control risk. This study has been conducted on Risk Management techniques implementations and problems of the Small-scale enterprises. In case selected of Small and Micro Enterprises Wolaita Sodo city Administration, Southern Ethiopia. For this effect descriptive research approach has been implemented and stratified sampling techniques was used for a sample of 78 questionnaires were distributed and also interview has been conducted to the business owners and managers. The data was presented and analyses was made by using SPSS software. The findings of the study shown that the major causes of small-scale enterprises are manmade and predictable in nature than natural events but there was less awareness of enterprises for risk managing techniques, procedures and their implementation. Based on the findings of the study the small-scale enterprises can be effective and work their operation with less suffer if they implement the risk managing techniques appropriately and also, they would try to get training which capacitates them and also the government and other stack holders should support and capacitate the enterprises to be effective and efficient.***

Keywords: Small scale enterprises, risk management techniques, efficient and effective

1. Introduction

1.1Background of the Study

All kinds of Enterprises face difficulty by natural, political, socio-economic and cultural influences that make their operating environments uncertain. These influences may impact on the extent to which objectives can be met. The business organizations are also touchable from these risks and are required act to manage and control risk.

According to Micro and Small Enterprises (MSEs) Development Strategy of Ethiopia, designed to ensure the sustainability of the development achieved in all economic sectors of the country, the main focus of the government is creating Job opportunities through MSEs development, to reducing unemployment and alleviate poverty and enhancing MSEs to be base for industrial development in the country. The sector is crucially important to the economic and social development of the country in the sense that it generates broader job opportunities and assist to alleviate poverty and facilitates rural and urban economic linkage and boost the economy as well as promotes Entrepreneurship culture and enhance self-employment and serves as fertile ground for the emerging of Medium and Large Industries (FeMSDA, 2004).

Risk management is the continuing process to identify, analyze, evaluate, and treat loss exposures and monitor risk control and financial resources to mitigate the adverse effects of loss. Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters. And the risk management strategies to alleviate them have become a top priority for business organizations (Adeladie Australia University, 2009).

As noted by Josef O (2014) Risk management is receiving much attention, as it is seen as a method to improve cost, schedule, and technical performance of new product development programs. However, there is a lack of empirical research that investigates the effective integration of specific risk management practices proposed by various standards with new product development programs and their association with various dimensions of risk management success.

Moreover, as indicated in Risk management practices (11996) risk management refers to any activity that involves the evaluation or comparison of risks and the development of approaches that change the probability or the consequences of a harmful action. Risk management comprises the entire process of identification and evaluation of risks as well as the identification, selection, and implementation of control measures that might alter risk.

1.2 Statement of problem

According to Panigrahi (2012, p.65) Micro, Small and Medium Enterprises (MSMEs) are a critical economic factor in poorer countries as well as the more developed economies in the world today. They make up a majority of the domestic business transactions and at the same time play an important role in international trade. Given their size and diversity of sectors in which they function, MSMEs are highly adaptable between the developed and developing economies, provided that they have a facilitating environment to grow.

As the study made by (Dr. **Alipour, M .2011)** the growth of competition makes organization to find ways to improve business performance and achieve competitive advantages. Also, increasing the numbers of outsourcing services providers develop competitive strategies (Hagel & singer 1999). So banks can outsource their activities in order to provide favorite services for customers, decrease the costs level, improve the quality of services, performance development and focus on key potentials of organization. In spite of the fact that outsourcing of important activities world have various benefits for an organization, but it includes different risks that needs an effective and crucial management. During the last two decades, companies found threats and dangers of central and strategic activities which tends to form competitive advantages for companies and tried to outsource their unimportant activities. The careful and thoughtful management of outsourcing contracts is considered as an important challenge and is emphasized on its supervising and controlling its relations Amaral, Billington & Tsay, (2004). So this article tries to study these risks and their effect level on banks and other related businesses outsourcing.

Risk handling contributes to the survival and profitability of a business. The risk handling practice involves identification, management. Measuring of risks in dog all this idea generation on operator about occurrence, prevention and avoidance is mandatory.

As cited by Smit y and J. A. Watkins.(2012, p. 65) Few SME owners and managers are risk aware and they focus their risk actions on “loss control” programmes in areas of fire, safety, security, health, and quality assurance. These “loss control” programmes are overseen either by the entrepreneur or other management along with their other duties; therefore, increasing the chance of mismanagement as adequate time is not spent on the risk function. As no structured risk identification is undertaken by SMEs, SMEs assume unaware or unplanned risk exposure to their limited financial resources. Control measures implemented to counter risk are ineffective as controls are reactive and non-automated (Ntlhane, 1995).

The fundamental difficulty in risk assessment is determining the rate of occurrence since statistical information is not available on all kinds of past incidents and is particularly scanty in the case of catastrophic events, simply because of their infrequency. Furthermore, evaluating the severity of the consequences (impact) is often quite difficult for intangible assets. Asset valuation is another question that needs to be addressed. Thus, best educated opinions and available statistics are the primary sources of information. Nevertheless, risk assessment should produce such information for senior executives of the organization that the primary risks are easy to understand and that the risk management decisions may be prioritized within overall company goals. Thus, there have been several theories and attempts to quantify risks. http://www.academicjournals.org/AJBM.

No doubt any business entity needs robust risk management systems but the SMEs need much more than that as they may not have wherewithal to manage and control risks due to their very size and several limitations. This is not true in the case of large corporate entities where professional personnel take care of many aspects pertaining to risk. All risk taking units must operate within approved procedures, limits and controls. Similarly, Small to medium businesses is exposed to risks all the time. Such risks can directly affect day-to-day operations, decrease revenue or increase expenses. Their impact may be serious enough for the business to fail. Most business managers know instinctively that they should have insurance policies to cover risks to life and property. However, there are many other risks that all businesses face, some of which are overlooked or ignored (Panigrahi, 2012).

Moreover, Haimes, (1989) SMEs do not adopt formal risk management process in their business practice and they give less effort on managing risk their decisions are biased significantly by the immediate business needs. For example, management may not hesitate to change the planned production schedule to satisfy its preferred customers even though it may dissatisfy other customers and the employees or it may result in significant downtime and have other consequential effects due to the rescheduling. The cooperative efforts of employees and management, to identify and resolve disturbances by building bridges through communication, were found to be missing.

Furthermore, this study is significant to the SMES sector because, even though significant changes are observed on growth of manufacturing, service, urban agriculture and constriction sectors in Ethiopia, Southern part of Ethiopia particularly Wolaita Sodo town, assessment of risk management system in the selected industries as well as their risk management status has not been adequately investigated and this study will contribute a lot by filling this gap.

1.3 Basic Research Questions

The following questions have been addressed by the study:
1) What are the major causes of business risk for the SMES?
2) What are the governments supports on practices of risk management?
3) What is the level of enterprises preparation in advance to manage the occurrence of risk?
4) Do SMES have insurance coverage?
5) What is the attitude and knowledge of owner managers for risk management?
6) What are the techniques the enterprise uses to manage occurrences of risk?

1.4 Objective of the Study

1.4.1 General Objective

Problems of Risk Management techniques implementations of Small-scale enterprises In the case of selected Small and Micro Enterprises Wolaita Sodo city Administration, Southern Ethiopia

1.4.2 Specific Objectives

1) To know the major causes of business risk for the enterprises
2) To survey the governments supports on practices of risk management
3) To come across the level of enterprises preparation in advance to manage the occurrence of risk
4) To have much information on the techniques the enterprise use to manage occurrences of risk
5) To address small scale enterprises insurance coverage

2. Review of Related Literature

2.1 Definition of Risk Management

Risk management is process that identifies loss exposures face by and organization and selects the most appropriate techniques for treating such exposures. In the past risk mangers generally considered only pure loss exposures face bye the firm. However forms of risk management are emerging that consider speculative risk as well.

According to Berg P (2O10) Risk management is an activity which integrates recognition of risk, risk assessment, developing strategies to manage it, and mitigation of risk using managerial resources. Some traditional risk managements are focused on risks stemming from physical or legal causes (e.g. natural disasters or fires, accidents, death).

Financial risk management, on the other hand, focuses on risks that can be managed using traded financial instruments. Objective of risk management is to reduce different risks related to a pre-selected domain to an acceptable. It may refer to numerous types of threats caused by environment, technology, humans, organizations and politics. The paper describes the different steps in the risk management process which methods are used in the different steps, and provides some examples for risk and safety management.

Risk management is a process of understanding and managing the risks that the entity is inevitably subject to in attempting to achieve its corporate objectives. For management purposes, risks are usually divided into categories such as operational, financial, legal compliance, information and personnel. One example of an integrated solution to risk management is enterprise risk management (CIMA, 2006).

Risk handling is an arrangement of activities in order to prevent or avoid organizational risk to meet organizational goal. The risk handling practices involves identification, management, measuring of risks in doing all this idea generation on operator about occurrence, presentation and avoidance is mandatory. Risk handling a new concept consist risk preventation and risk avoidance. (Kumar and Merlik, 2033:129). Risk management is a systematic process for identification and evaluation of pure lose exposures faced by and organization or individual and for the selection and implementation of the most appropriate techniques for treating such exposures (Teklegeorgis, 2004:19).

As indicated by William (1985) risk management also enables a business to handle better its ordinary businesses organization and by managing these exposures properly we should be able to achieve more acceptable result at minimum cost. Organization may face most appropriate techniques for relating such exposure by doing safety working method, and promote risk awareness from an individual and an organizational standpoint, education in risk practice at all level in organization or support financial and take responsibilities that underline the successful program of risk.

2.2 Types of business risk

The types of risk a business faces

Jameson R (1998) Approaching risk in organization management requires setting objectives and activities that lead to goals, and simultaneously seeking to identify factors that may prevent it from achieving its objectives, to take timely necessary measures. Initially the focus was on risk assessment. At present, the approach is more complex and is called risk management; this expression defines the coordinated actions through which an organization plans and controls risks that could affect its ability to achieve its objectives. The dynamics of risk approach in organizations is related to the development of scientific instruments, methods and standards to address risk, that have sustained organizations in this approach.

Business risks are of a diverse nature and arise due to innumerable factors. These risks may be broadly
Classified into two types, depending on their place of origin:
I. Internal Risks
II. External Risks

Internal Risks (human factors, systems and technological factors**,** procedures and processes, physical factors, internal culture, staff capabilities**,** staff numbers, capacity**,** marketing methods, communication effectiveness, leadership effectiveness, risk appetite, etc.) are those risks which arise from the events taking place within the business enterprise. Such risks arise during the ordinary course of a business. These risks can be forecasted and the probability of their occurrence can be determined *(Jameson R 1998).*

External risks (economic factors, natural factors**,** political factors, social, legal and regulatory trends, intergovernmental agreements, marketing agents, competition – international and domestic, fluctuations in demand, terrorist and criminal activities, international health issues, alternative course delivery modes, etc

As noted by Jameson (1998) & Fascicle I (2012) the following seven categories of business risk are critical for any business, such as Operational risks, Financial risks, Strategic risks, Market risk, Country risks, Compliance risks (legal liability),Natural risks (environmental risk).

This is not to say that these are the only categories of risk that can or should be used, but they do encompass virtually all types of business risk that can be experienced. Bearing this in mind, we must consider all types of risk relative to these environments in any type of evaluation process.

1) Operational risks

Operational risks result from internal failures. Any transactions or processes will fail due to poor design or inadequately trained personnel; they can also result from unforeseen external events such as transportation systems breaking down, or a supplier failing to deliver goods. Operational risk also covers the risk of fraud and the possibility that the business will fail to meet a contractual obligation due to operational reasons. In this category of risks are also included: IT risk and data protection that are increasingly important to business. The Basel Committee defines operational risk as: "The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (Jameson 1998). Financial risks are associated with the business' financial structure and systems and the transactions that the business makes. Identifying financial risk involves examining the daily financial operations, especially cash flow. If the business is too dependent on a single customer and they have become unable to pay the debt, this could have serious implications for the business' viability.

2) Strategic risks

Strategic risks are those that arise from the fundamental decisions that directors make concerning an organization's objectives. Essentially, strategic risks are the risks of failing to achieve these businesses objectives. Strategic risks are those risks associated with operating in a particular industry. They include risks arising from: merger and acquisition activity, changes among customers or in demand, industry changes, research and development.

3) Market risk

Market risks result from the danger of negative market developments (changes in the money and capital markets), which affect a company's financial assets. Market risk is the risk that the value of a portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of the market risk factors. The four standard market risk factors are stock prices, interest rates, foreign exchange rates, and commodity prices (Fascicle I 2012). The four standard market risk factors also include: equity risk, or the risk that stock prices will change, interest rate risk, or the risk that interest rates will change, currency risk, or the risk that foreign exchange rates will change, commodity risk, or the risk that commodity prices (i.e. grains, metals, etc.) will change.

4) Country risks

As (Jameson 2012) indicated that Country risk is of critical concern in the world today, with almost every economic, financial and political crises or conflict threatening to exceed their initial borders. In the current state of world affairs, the economic and financial wealth and political power of a country are decisive for its dominant position in the international financial community and political status. Country risk relates to the likelihood that changes in the business environment will occur and reduce the profitability of doing business in a country. These changes can adversely affect operating profits as well as the value of assets. Country risk reflects the ability and willingness of a country to service its foreign financial obligations (Fascicle I 2012).

5) Compliance risks (legal liability)

Compliance risks are those associated with the need to comply with laws and regulations. They also apply to the need to act in a manner which investors and customers expect, for example, by ensuring proper corporate governance. The risk that legislation by the government could significantly alter the business prospects of one or more companies, adversely affecting investment holding in that company (Dunarea de, 2012)

2.3 Risk management techniques/Methods

As to Berg p (2010) and Sirodina, B.(2004) the next step is to select appropriate techniques to eliminate risk. These techniques include: risk avoidance, (b) Risk reduction, (c) risk maintenance and (d) risk transfer. It is a priority to decide which technique to use for which risk. The scope of a decision varies in each firm. What is taken into account is the scope of potential losses and their probability, as well as the size of costs connected with the respective option decided upon.

1) Risk avoidance. Avoiding risk is one of the techniques of risk management, but it is more a negative than positive technique. Where it is used to a large degree, businesses miss many opportunities and may be unable to achieve their objectives as a result.

2) Risk reduction. Risk may be reduced in two ways. First through loss prevention and second through control. Safety programmers and procedures preventing losses, such as healthcare, fire prevention, night security and alarms are examples of risk management through loss prevention or through reducing the likelihood that a loss will occur.

3) Risk maintenance. Risk maintenance is perhaps the safest risk management method. Organizations as well as individuals face an innumerable number of risk factors.
In most cases nothing is done about them. However, some positive action is not adopted that would reduce, avoid or transfer the risk, the possibility of a loss ensuing from this risk remains (Economic Focus, 2010).

4) Transfer of risk is used for managing speculative as well as net risk. An excellent example of managing speculative risk is the process of reinsurance. Net risk is often transferred into contracts, in which one party estimates the possibility of damage caused to the other party, e.g. a tenant can agree that under certain conditions he/she will pay the landlord for damage arisen through using the property. The contractual transfer of risk is common in the building industry, but also among producers and sellers, where the liability for the product is specified (Economic Focus, 2010).

5) Risk distribution. This is a special case of transferring risk and a form of risk maintenance. If the risk is distributed, the possibility of loss is transferred from the individual to the group. It is necessary however to realize that a risk transferred by an individual to a group is linked to the risk which other members bring to the group (Economic Focus, 2010).

2.4 Risk management process

As cited on monetary authority of Singapore (2013) an effective risk management process to address risks arising from core insurance activities; namely product development, pricing, underwriting, claims handling and reinsurance management should include the following:

1) Risk Identification and Measurement
An insurer should have effective means of obtaining pertinent information to identify and measure its exposure to risks inherent in its core activities. Where a risk is not readily quantifiable, for instance some operational risks, an insurer should undertake a qualitative assessment that is appropriate to the risk and sufficiently detailed so that it can be useful for risk management (Michael, M. H. & Paul N ,2006).

2) Risk Evaluation
The estimated risks should be compared against the insurer's risk criteria to decide on the priority to be assigned to address each of the risks and the appropriate responses.

3) Risk Control and Mitigation
Michael, M. H. & Paul N (2006) the insurer should implement necessary measures to control and mitigate the identified risks. Risk control/mitigation measures include setting appropriate standards and limits that are clearly documented and assigning limits to relevant staff that are commensurate with the experience and competence of the respective individual.

4) Risk Monitoring and Review
There should be an effective monitoring system to track whether any risk indicators have been triggered, and to ensure that risk standards and limits are complied with as intended and any deviation is duly approved and documented. The insurer should also establish clear procedures to investigate non-compliances with the intent of preventing such incidents from recurring. The consequences for non-compliance with established limits should be clear and pre-determined. Sadgrove, K. (2005).

2.5 Small and Micro Enterprises in Ethiopia

According to Ethiopian trade and industry office (2011).The definition of SMEs depends mainly on the level of development of the country. In most developed market economies like the United States of America (USA), U.K. and Canada the definition criterion adopted a mixture of annual turnover and employment levels. In Ethiopia, the Small and Medium Industries Enterprises Investment Scheme (SMIEIS) defined in table below.

Table 2.1: Definition of micro and small enterprises

Type of Enterprise	Sector	Human power	Total asset
Micro Enterprise	Industry	<5	<Birr 100,000($6000)
	Service	<5	<Birr 50,000($3000)
Small Enterprise	Industry	6-30	≤ birr 1.5 million ($9000)
	Service	6-30	≤ birr 500,000($30000)

Source: Ethiopian Micro and Small Enterprises Strategy (2019)

3. Research Design and Methodologies

3.1Research Design

A research design is the strategy for a study and the plan by which the strategy is to be carried out. It specifies the methods and procedures for the collection, measurement, and analysis of data. This study will adopt descriptive research design. The main purpose of this design is to describe what will be prevalent with respect to the issue or problem under study. It provided answers to questions like who, what, when, where and sometimes how. It enables respondents to give more information freely. It also determines and reports the way things are and attempts to describe such things as possible behavior, attitudes, values and characters (Mugenda & Mugenda, 2003).

3.2Types and data sources

The research will be conduct by using primary and secondary data sources. The primary data will be collected using questionnaires to collect data. Questionnaires will be constructed based on the research objectives. Questionnaires are preferred since they are easy to administer and time saving and interview will be conducted to some selected Enterprise owners and Government officials and the secondary data would have been collected from the content analysis of written materials.

3.4 Data Collection procedures

The two sources of data would have been used which are primary and secondary data. Primary data was collected using self-administered questionnaires and the researcher will administer questionnaires to sampled MSEs respondents. For the self-administered, drop and pick method was used. This allowed the respondents to give their responses in a free environment and help the researcher get information that will not be given if interviews were to be used. The questionnaires consisted of close and open-ended questions.

The open-ended questions provided additional information that would not be captured in the close-ended questions. The procedure that the researcher will by distributing well designed questionnaires to randomly selected enterprise owners and interview will be made for SMES office officials and some Enterprise owners. Here by personal observation will be made for their operation

3.5 Sample techniques and sample size

The study will use stratified random sampling technique to select the sample. In this case the total population will be grouped into strata. From each stratum the study will use simple random sampling to select 78 respondents.

3.6 Sample size

The target population was drawn from all micro and small enterprises in Wolaita Sodo town market in in SNNPRS, Ethiopia. According to the town Food security and job creation office evidence Currently the total micro and small enterprises registered (2019) are 772. The businesses in operation are mainly manufacturing, construction and urban agriculture is shown in **Table 1.** It has be determined by using this formula **ni**$= \frac{n*Ni}{N}$ where, Ni= total population of strata i, ni= sample from strata I, n = sample from the total population of selected SMES, N total population of the selected sectors of SMES from Wolaita Sodo.

Table 3.1: Sample size determination

No.	Sectors	Total Number of Entrepreneurs from each strata(Ni)	Proportionate Sampling ni$= \frac{n*Ni}{N}$
1.	Service sector	258	26
2.	Manufacturing	183	18
3.	Urban agriculture	125	13
4.	Construction	206	21
	Total	772	78

Source: Data from W/Sodo town Food security and Job creation office (2019).

4. Data presentation, Analysis and Interpretation

In order to obtain information for the study, a total of 78 copies of questionnaire were distributed to small and micro enterprises owners. Out of the total 70 were correctly filed and returned which is for about 90% percent and most enough to interprets the collected data and to reach into the conclusions. Moreover, the interview was conducted to the respective managers of the enterprises and analyses was made together.

4.1 General Characteristics of Respondents

Table 4.1: Demographic profile of the respondents

No	*Items*	*Frequency*	*Percentage*
1	**Age**		
	Below 20	8	1.4
	21-30	34	48.5
	31-40	26	37.1
	41-50	1	1.43
	Above 50	1	1.43
	Total	70	100
2	**Educational Level**		
	below 12 Grade	20	28.57
	12 Grade	17	24.28
	Certificate	15	21.42
	Diploma	13	18.57
	Ba Degree	5	7.14
	MA Degree and above		
	Total	70	100
3	**Year of experience**		
	1-3 years	35	50
	4-6 years	28	40
	7-9 Years	7	10
	10 Years above		
	Total	70	100

Source: Survey, 2019

As indicated in the above table 4.1(11.4%) respondents were below age of 20,34 (48.5%) of the respondents were between the age 21-30, 26 (37.1%) respondents were between 31-40,1 (1.43%) respondent were between 41-50 and 1 (1.43%) respondent were above 50. This implies that the respondents were youngsters who are productive. Regarding education background 20(28.57%) had below 12 grades, 17 (24.28% had finished 12 grades, 15(21.42%) had certificates, 13 (18.57%) respondent are diploma holders, 5(7.14%) had their first degree, no MA degree respondent involved this shows that employees in the enterprises are more experience and work for many years without developing their educational level.

4.2. The causes and nature of Small scale enterprises risks

Table 4.2: Most occurred type of business risks

No	*Item*	*Frequency*	*Percentage*
1	The most frequently occurred business risk of the enterprises		
	Man made	26	37.14
	Natural	12	17.14
	Predictable	24	34.29
	Un predictable	8	11.42
	Total	**70**	**100**
2	The nature of most frequent occurred business risks		
	Operational risks	10	14.28
	Finacial Riks	21	30
	Market risk	10	14.28
	Strategic risk	8	11.42
	Legal Liability	21	30
	Total	**70**	**100**

As shown in the above table 4.2 the largest (37.14%) respondents stated that their major cause of risk is man-made and also 34.29 % of the respondents shown that the causes are also predictable.in other ways almost equal proportion 30% also stated that the most and frequently occurred risk is related to financial crises and also legal liabilities.

4.3 Implementations of risk management techniques and practices

Table 4.3: Risk Prevention and handling techniques and its implementations

No	Item	Frequency	Percentage
1	The enterprises prevent accident related to risks quickly.		
	Strongly Agree	3	4.28
	Agree	12	17.14
	Neutral	15	21.43
	Disagree	16	24.29
	Strongly disagree	24	34.29
	Total	**70**	**100**
2	Enterprises are proactive in risk managing conditions.		

	Strongly Agree	15	21.43
	Agree	12	17.15
	Neutral	12	17.15
	Disagree	20	28.57
	Strongly disagree	11	15.71
	Total	**70**	**100**

Source: Survey, 2019

As indicated in table 4.3 (34.29%) of the respondents strongly disagreed for the case that enterprise owners can be able to prevent the occurrences of risk and also 24% of the respondents disagreed. Moreover, the majority (28.57%) of the respondents also disagreed that they are they are not proactive or predict for the cusses of risk to their business.

Table 4.4: Risk avoidance, and transfer of risk techniques and its implementations

No	Item	Frequency	Percentage
1	The enterprises avoid accidents related to their business.		
	Strongly Agree	1	14.23
	Agree	14	20
	Neutral	15	21.43
	Disagree	17	24.29
	Strongly disagree	14	20
	Total	70	100
2	The enterprises transfer risk to the third body.		
	Strongly Agree	15	21.43
	Agree	12	17.15
	Neutral	12	17.15
	Disagree	20	28.57
	Strongly disagree	11	15.71
	Total	70	100

Source: Survey, 2019

As indicated in the table above the majority of respondents (24.29%) are disagreed that they have tried to avoid the causes of risk and also the largest number (28.57) of the respondents disagreed that they have transferred risk to the third body.

4.3 Questions Related to Challenges Faced when Handling Risk

Table 4.5: The enterprises are following risk managing procedures

No	*Item*	*Frequency*	*Percentage*
1	Emergency procedures are implemented in the case of emergency occurrences		
	Strongly Agree	4	20
	Agree	16	22.86
	Neutral	3	4.28
	Disagrees	20	28.58
	strongly disagree	27	38.57
	Total	70	100
2	Enterprises members have agreements and cooperation to solve business risks in the advance		
	Strongly Agree	6	8.57
	Agree	16	22.86
	Neutral	3	4.28
	Disagrees	15	21.43
	strongly disagree	30	42.86
	Total	70	100
3	The enterprise owners got training on preventing business risk and stakeholders support		
	Strongly Agree	4	20
	Agree	16	22.86
	Neutral	3	4.28
	Disagrees	20	28.58
	strongly disagree	27	38.57
	Total		**100**

Source: Survey, 2016

As can be seen from table 4.5 risk management procedures are not implemented (28.58%) and 42.86% also disagreed that they have no cooperation work in their business function to solve problems together. Moreover, the large number of respondents (28.58) of the enterprise's owners have no support from their stakeholders.

5. Conclusions and Recommendations

5.1 Conclusion

Based on the findings of the study conducted it can be concluded as follows:

The causes of risk to small scale enterprises are more of manmade like theft, robe ring and customer lying and which are predictable by nature because the owners are more familiar to those cause but they handle on the traditional and not on established manners. The major type of risk for small scale enterprises is financial risk which is loss and legal liability to lenders. Moreover, the owners and managers of the enterprises are not active and quick enough to solve the stated problems. In addition to this, findings shown that the small business enterprises in general have less understanding of risk management techniques, their implementations and management procedures.

5.2 Recommendations

Based on the conclusions made the following recommendations are forwarded:

1) The enterprises owners should be aware of the causes of risk to their operation and design most appropriate techniques to prevent the root causes and the managers and all members also be careful for the causes of risk and also work for the solutions and should get training and capacitate and develop awareness over it.
2) The government and other stakeholders also should capacitate the small-scale enterprises and support them. Because small scale enterprises are the backbone of the growing economy and they reduce un employment rate at large.
3) Small scale enterprises owners, members and managers should design for reducing financial related risks by maintaining strong saving mechanisms and where possible the enterprises should have to join insurance companies in order to share their property and life related risks.
4) The small-scale enterprises are recommended to implement risk management techniques such as avoidance, prevention, transfer, maintenance and distribution as appropriate as required in order to be effective and efficient in their business operations.

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