

**AN ASSESSMENT OF RISK MANAGEMENT
PRACTICES IN MICRO AND SMALL SCALE ENTERPRISE (In
the case of wolkite Town)**

A RESEARCH PAPER SUBMITTED IN PARTIAL FULFILMENT
FOR THE REQUIRMENT OF BA AWARDS IN MANAGEMENT

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CHAPTER ONE:

INTRODUCTION

1.1 Background of the study

The operators of MSSE (micro and small scale enterprises) face a certain degree of risk in their daily operation globally. Risk is the probability that the outcome of an action or event could bring up diverse impact on the business. It may include environmental risk, developmental risk, manufacturing risk, financial risk, marketing risk and growth risk. Some of this risk can be control if appropriate action is taken to do so, were as some are largely unpredictable and uncontrollable. The manager can only control the risk within their control. However the business could still face risk of closer due to some factor that are beyond its control such as, faire, flood, political crises, conflict among other. The ability of management of micro and small scale enterprise (MSSE) to carefully identify the risk that their business face in take action according to counter the risk, will certainly successful, profitable and contribute to economic growth nation(Azenda,2012).

Risk management involves identifying, analyzing and taking steps to reduce or eliminate the expose to loss faced by the organization or individual. Risk management is particularly a vital for MSSE science the same common types of loss such as thefts, fire, disaster, flood, legal liability, injury or disability-can destroy in a few minute what may have taken entrepreneur year to build such loss and liability can affect day to day operation, reduce profit, cause financial hard ship severe enough to cripple or bankrupt in MSSE (Azende, 2012) an prevent if from contributing to economic development of nation .

The business world comprise widely divergent spectrum of establishment and important economic role in many country ,over the past 10 year economic planer have realized the importance of small enterprise before in achieving economic development many governmental and developmental organization have focused on promotion MSSE as a way of encouraging brooder participation in private sector (Hailay, 2003).

In the past years, Ethiopia small business institution have been hit by crises that has lead to the collapse of indigenous micro and small scale institution and contributed crises of confidence that threaten to permanently damage the sector (MSSE annual economic report review, 2000). These crises coming at the time of serious economic hard ship was great impediment to economic expansion. (MSSE, 2000)

MSSE are the engine room for economic growth .According azenda (2012) MSSE may look small or in consequential but are actually the foundation of any economic stable nation.

Micro and small scale enterprise are very important for Ethiopian in economic development according to data by Ethiopian minister of MSSE, 95% of Ethiopian business are MSSE. These businesses employ over 80% Of Ethiopia and 60.30% Ethiopian GDP. These numbers are increase with the emerging of creative industry development throughout the country (MSSE, 2017)

The MSSE business owner is any person, group of people that starts and runs MSSE. MSSE in wolkite town is an enterprise with the total capital employed of not less than 5000 not exceed 20,000 (including working capital excluding cost of land) with the staff strength not less than 100 and not more than 100 (MSSE in wolkite town). More so the reversal of the high unemployment rate, poverty which stood at 69% of wolkite(MSSE 2017).

Management of risk can be considered from probability theory .the process of measuring lose potential and evaluation there impact on small business lead to risk control and financing and thorough risk analyses ,assessment and evaluation (bratanovic,1999) .

1.2 Statement of the problem

All human endeavors involve risk. It is widely agreed that risk is more so in the business sector with compared to other sector every business decision and entrepreneur act is connected with risk .This applies to business of MSSE as they also face several and often the same risk as bigger firm .In real business environment with market perfection thy need to manage those risk in order to secure their business continuity and additional value by avoiding or reducing transactional cost (Dickinson, 2001).

Risk management concerns, many study have been focused on large firm and lower priority has been given to examine the risk management in MSSE where the risk are considered to loss catastrophic and most study concentrated solely on the risk associated with safety and occupational health. The major problem of MSSE is natural disaster malicious activity, systematic faller of human system and fair (alpaslsn, 2003)

The goal of risk management is to maximize business institution risk adjusted return by maintained risk exposure within acceptable parameter .The effective risk management is critical component of comprehensive approach to risk management and essential to be long term success of (MSSE) institution (Sinkey. J Fr, 1992)

Basically this study will attempt to find out risk management that most of the organization in wolkite town use to their business against the possible occurrence of risk and uncertainty. The researcher will attempt to explore different facts regarding with risk management practice and will address from existing literature in order to reach sound conclusion to provide real finding for the aim of providing good contribution .

1.3 Research Question

The study will also answer the following guiding question.

- ✓ What is risk faced by MSSE?
- ✓ What type risk management technique used against possible occurrence of risk?
- ✓ What is the attitude of MSSE owner for risk?

1.4 Objective of the research study

1.4.1 General Objective

The general objective of the research was to find out risk management practice technique of Micro and small scale enterprise in case study in wolkite town.

1.4.2 Specific objective

- To elucidate the most common use of risk handling alternative tools.
- To assess the attitude of MSSE owner to risk
- To identify risks faced by MSSE.

1.5 Significance of the study

This study have importance for insurance company and give regard the insuring the MSSE. To give the basic future and influence of risk in small scale business.

Micro and small scale enterprise in wolkite town can use the research finding and knowledge gained to assist them as they commercialized and faced with need to adopt sustainable method of delivering service which can be achieved offering sustainable product, of which he default rate is crucial part. **Future researcher and scholars:** The study will help in facilitating an increase in the general knowledge of the subject and will act as reference material to future researcher and scholar who pay wise to embrace on related study. It serves as the base guideline for other researcher who wants to conduct study on similar area. The study will help to minimize risk and identifying the problem and provide detail information about the risk

1.6. Limitation of the study

The study was limited in only five MSSE sectors those are manufacturing, construction, trading, and urban agricultural sector in wolkite. Service. Because of limited time, lack of resources, and access to information,

1.7scope of the study

The study was focused only to assessment of risk management practice on micro and small scale enterprise.-The scope of the study was geographically limited to MSSE business in Wolkite town. It includes only five MSSE sector those are manufacturing, construction, trading, services and urban agriculture sector in wolkite. The study focus on risk management practices techniques our investigation is only owner of the business. The study was also used descriptive research design and simple random sample and proportionate stratified sampling techniques.

1.8 Organization of the Research

This research covered five chapters. The first chapter deals with background of the study, statement of the problem objectives of the research, scope, limitations and significance of the research and the organization of the research, the second chapter; provided review of related literature that was collect by the researcher, the third chapter; explains about the methodology, determination of sample size, sampling design and techniques, data gathering procedure, and data processing method that was used in this study.

CHAPTER TWO

2. REVIEW OF RELATED LITRATUR

2.1 Definition and Role of MSSE and Risk

Micro and small scale enterprise (MSSE) sector have been recognizing as engine of growth all over the world. Many country of the world have established MSSE development agency as the model agency to coordinate and oversee all government agency all government intervention in respect of development of this sector. There exist several destinations of the term MSSE, varying from country to country and varying between source reporting MSSE statistics. The commonly used criteria at international labor to define MSSE are the number of employs, total net asset, scale and investment labor. If the employment is criterion to define there exist variation in the defining the upper and lower size limit of MSSE (Apjm, 2012).

It is one of the area of dissection for many economists, static an decision theory, insurance theory and other for many years even if they are unable to gate in to an agreement on the destination of risk. For the reason that all of them are dealing with different areas of subject matter, they are supposed to define risk in different ways for those who are engage in the insurance business risk, means peril insured against (Tekile Gorgas, 2004).

For our purpose we define risk as condition in which there is possibility of an adverse deviation from desire outcome that is expected or happen for and current situation (Vaughan, 1985).

It can be unexpected and unpredictable even such as destruction of building, the wiping of all your computer files, loss of fund through theft or an injury to member or visitor who types on a slippery floor and decide to give.

2.2 Risk Management

Risk management is the logical process used by the business firm and individual to delay their expose to loss. It is an important concept that mainly aimed at identification, assessment and prioritization of event that may have an adverse impact on the organization. Risk management can be considered as a very power full strategic tools and has become more prevents in recent decade due to rapid growth. It is the logical process or development and carrying out of plant deals with potential loss (Chapman 2007 and white 1995).

Risk management process

Process of risk management is done by the following steps.

- ✓ Identification of the expose
- ✓ Measuring of the risk
- ✓ Control of the risk
- ✓ Selecting tools used to manage risk
- ✓ Implementing the decision
- ✓ Evaluating the result (Chapman 2007)

2.2.1 Identification of the risk (Exposures)

The risk manager or owner of their business to be involved in identifying the exposures of the risk to difficult the risk. This task of the risk manager is supposed to be highly difficult. In this stage the ability to organize the potential loss will bring about this chance to deals with them.

2.2.2 Measuring and control the Risk

This is the area for the manager were to measure the risk intermesh of probability it happen and intensity or severity in cause it happen or its finical impact on the business and finally ability to predict the loss that will actually occurring during the budget period.

2.2.3 Selecting the tools to be used in managing risk

The identification and measurement of the loss would lead to this stapes where we are going to select the best treating mechanism to deals with them efficiently.

2.2.4 Implementing the decision

The forth step in risk management process implementing the decision made above in the third stapes. Ones the tools to be used in selected, the risk manager should fiendish and make management in implementing the decision (William 1985).

2.2.5 Evaluating the result

The result of the decision made and implemented in the forth stapes must be monitored to evaluate the wisdom of those decision and determined weather changing condition suggest different solutions (William, 1985).

2.3 Types of risk

A. "Hazard risks", comprising fire and other property damages, windstorm and other natural perils, theft and other crimes, personal injury, business interruption, disease and disability (including work-related injuries and liability claim).

B. "Financial risks", comprising price (e.g., asset value, interest rate, foreign exchange, commodity), liquidity (e.g., cash flow, call risk, opportunity cost), credit (e.g., default, downgrade), inflation/purchasing power, and hedging/basis risk.

C. "Operational risks", comprising business operations (e.g., human resources, product development, capacity, efficiency, product/service failure, channel management, supply chain management, and business cyclical), empowerment (e.g., leadership and change readiness), information technology (e.g., relevance and availability), information/business reporting (e.g., budgeting and planning, accounting information, pension fund, investment evaluation, and taxation).

D. "Strategic risks", comprising damage to reputation (e.g., trademark/brand erosion, fraud, and unfavorable publicity), competition, customer wants, demographic and social/cultural trends, technological innovation, capital availability, and regulatory and political trends.

2.4 Risk specification to MSSE

No debt any business entity needs robust risk management but MSSE much more than that as they may not have were with all to manage and control risk due to on their very size and limitation. This is not true in cause of large corporate entities were professional personal take carry of many aspect per pertaining to risk. All risk taking unit most operate within approved procedure, limit and control there is specific definition to MSSE which normally cover closely held or unlisted company, gather ship firm, proprietor concern etc. There exist fundamental difference between the way they function and the way will served in the finical market as the character and integrity. Promoter owner are the key and critical credit indictor and hence play large role. However rating agency with socialized them with analytical tools customized to MSSE sector will go a longer way inputting in proper mechanism in this regard (Ashok Kumara, 2012).

2.6 Risk Management in MSSE

Risk management in micro and small scale is different from large firm in several way. Insurance companies are not always eager to insure small firm and may not even turn done in some cause.

Also in the large firm the responsibility of risk manager are assigned to specialized staff manager(Hailey, 2003).

2.7. Good practices in the enterprise risk management

1. Culture and risk awareness It is unquestionable the importance of information across the organization. Green and Jennings-Mares (2008) study states that the most important element in the risk management is the growth of a risk culture coherent and consistent. An education program aimed to spread this culture should be consolidated by all the managers and employees of the company (Nambiar) (2006). For Economist Intelligence Unit EIU (2007) the key determinant of success in risk management has become the need to ensure that a strong culture and awareness of risk permeates every layer of the organization. Protiviti(2006)shows that the absence of a common language and awareness prevents sharing good practices across the organizations. It generates a great uncertainty.
2. Risk permeates the whole company The risk management function has evolved to become a core area of business practice, These areas are: improving data quality and reporting.
4. creation of a risk committee For Branson (2008) an emerging good practice is the creation of a multidisciplinary risk committee which can be located at the top of the ERM function and be leaded the Whether risk should be centralized or decentralized depends on the organizational structure of the company. Most organizations are implementing a structure where there is a small number of people in the central risk function.)
5. Collaboration it emerge good practice the owner or manager of small business collaborate with government, family and competitors

2.7 Method of handling risk

As we stressed earlier, risk is a burden not only to individual but to society as well. Those it is important to examine some techniques for meeting problem of risk. There are five measure method of handling risk. (Gao et al ., 2011)

- ✓ Avoidance
- ✓ Loss control
- ✓ Retention
- ✓ Non insurance transfer

- ✓ Insurance
- ✓ Reduction

Avoidance; is one method of handling risk loss control is other method for handling risk and Loss control of a certain activities that reduce both frequency and saver by of loss. Those loss controls has two measure of objective; lose prevention and reduction.

Retention; is a third method of handling risk. An individual of the business firm retain all or part for given risk retention can be either active or passive.

Non insurance transfer; are another technique for handling risk. The risk is transferred to a part other than insurance company. Risk can be transferred by several methods among which are the following.

- ✓ Transfer of risk by contract
- ✓ Hedging price risk
- ✓ Incorporation of the business firm

Insurance:-For the most people, insurance is the most practical method for handling a measure risk.

Numerous other study on risk management in micro and small scale enterprise in various different contexts using an array of different approach where identified in the extant literature. these body of broadly explore the following themes.

i. The role of the owner manager in the management of risk in the firm,

a. the centrality of leader ship .decision making and experience of owner manager in the management of the firm (Simmons et al.,2008;Watson and rebinson,2003)

b. the subjective risk of owner manager where the inherent characteristics and ability(Simmons et al.,2008) belief and attitudes (sparrow and Bentley ,2008),risk perception of owner or manager and level of personal investment in the firm (Gilmore et al.2004) play a role in how risk in the business is perceived and managed

ii .the different risk context and complex risk environment in which MSSE operate , where MSSE may regularly or collectively face the following risks.

a. External risk such as economic and environmental turbulence (Kraus et al, 2012); natural disaster (wedawatta2012);new technology Faisal et al 2006)

b. Supply chain risk in the form of information risk (Faisal et al.,2006)loss of continuity in the business (Branicki,2006)

c. Internal risk such as access to and the cost of finance (nubs al.,2001))healthy and safety in the form of work place accident (Georgenes et al 2004).

No research literature could be located of risk management in Arba Minch MSSE.

There is, thus lack of coherence and understanding in the literature of risk management in MSSE in general .This, then present gap in the study of risk of in micro and small scale enterprise .This study propose to contribute to closing this gap. To this end, conceptual framework is developed from the literature, to focuses the investigation on the formal practice on risk management in micro and small scale enterprises

2.8 CONCEPTUAL FRAMEWORK

The conceptual framework (Fig 3) developed from the literature takes into consideration the pivotal role of the owner-manager in the SME. Through his/her knowledge, experience and daily activities he or she will scan, identify and assimilate information from the external environment, the Customer or supplier environment of the Supply Chain and the company's internal environment to make decisions regarding potential risk events that may impact the company.

The personal characteristics of the owner-manager influence the translation of this information into risk management practices in the firm. The term 'practice' has often been seen to be equivalent with 'routine', or 'what people really do' (Gherardi, 2009). Schön (1983) explains that 'practice' may refer to 'performance in a range of professional situations' and to 'an element of repetition'.

Practices, thus, refer to a range of human activities in which managers are involved in the exercise of their daily professional activities (Schatzki, 2001). Corvellec (2009) finds that practices are a result of a continuous process of learning that is influenced by external factors.

They are an accumulation, without an a priori design, of heuristic rules that have been formalized in the firm and become intrinsic to the operational model of the company i.e. they emerge from the everyday managerial tactics. These practices may be evaluated and interpreted as Risk Management practice (RMP).

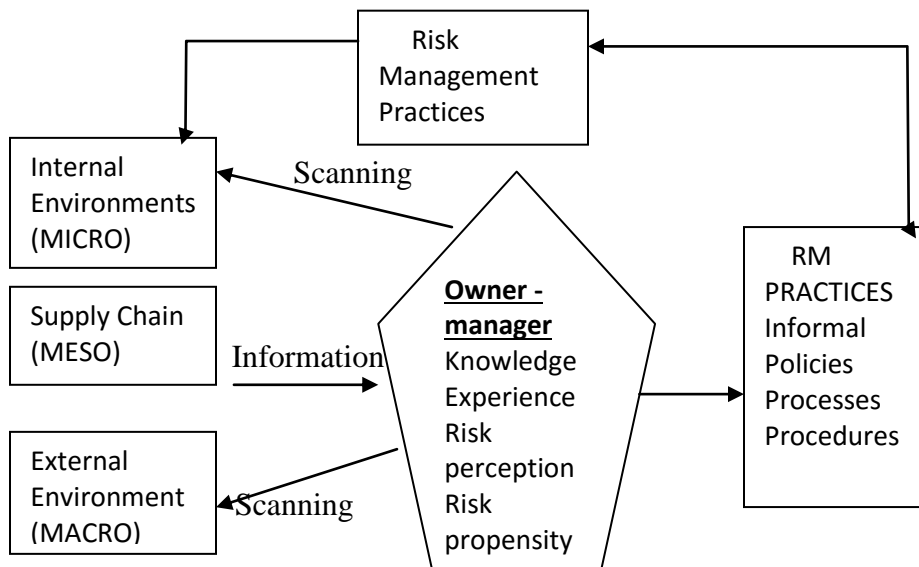


Figure 2.8 : Conceptual Framework for Risk Management in MSSEs(developed by authors)

A capability is defined as the ability or power to do something (Soanes *et al.*, 2001). For the purpose of this research, Risk Management Capability is, according to Gao *et al* (2011), the

creation and enhancement of the ability to develop and implement related strategies, techniques and systems in RM and to share and transfer RM practice.

2.9 The Owner-Manager

In economic terms small business is one that has relatively few of its markets and is managed by its owner or part of owner in a personalized way and not through the medium of formalized management structure. Moreover, it is independent of large enterprise and the owner should be free from outside control in taking other principal decisions (Paul Burns and Jim Hurst (1996)).

CHAPTER THREE

3 RESEARCH METHODOLOGY

3.1 Research design

The researcher used descriptive type of research design. It was conducted for the purpose of identifying risk management practice in MSSE. Descriptive research design was used, because it describes status and issues to come up with appropriate solutions and describes and explores the nature of the situation as it exists in the time of study regarding risk management practice on micro and small scale enterprises.

3.2 Method of data collection and data source

3.2.1 Source of data

To accomplish the objective of the study, the primary and secondary data were used. Primary data was collected from employees of micro and small scale enterprises and secondary data was also collected from different sources like books, journals, and other websites to accomplish this study.

3.3 Method of data collection

These types of data for the study were collected in different data collection methods. The researcher used both primary and secondary data collection methods. Primary data was collected from the micro and small scale enterprise sector such as manufacturing, trading, construction, service, and urban agriculture in Wolaita, through questionnaires both open and closed ended questions. Because open ended questions give respondents freedom and closed ended questions are simple to analyze, data was collected from owners by questionnaire. So the owner is the most stepping stone of the study.

Secondary data was collected by reading different research work previously made on different aspects of the working environment and different documents of MSSE and other research papers related to the topic.

3.4 Sampling techniques

The researcher used proportionate stratified sampling techniques. The reason for the researcher to use proportionate stratified helps the research to study the problem in to the major MSSE and stratified technique is the best method of selecting sample from different group of MSSE business cluster. This sampling technique selected because of population from which sample to be draw does not constitute the homogeneous group. In order to obtain respective simple of potential owner of firm divided in to sub group like wood work and mental work.

3.5 Population and sample size determination

The study population was too large so it is difficult to study the whole owner of the target group. The target population of MSSE in wolkite is 192 but the researcher use sample size of 66 owner in total MSSE sample size will be served by dividing or grouping business sector in to Five sub group namely manufacturing, treading, services, constriction and urban agriculture and each sector have 16, 6, 25, 17, 2 owners respectively. By using the following formula the student researcher calculate each business sector based on proportionate formula.

The total sample size will be determine by the following formula of; YAMANE (1970);

$$n = N / 1 + N (e)^2$$

Where:- N; total population

$$n = 192 / 1 + 192(0.1)^2$$

n; sample size

$$n = 66 \text{ owner}$$

e; Margin of error

where, e= 10%

Confidence interval=90%

For more classification of the researcher sample size an population in table form as follow

Type of strata	Number of owner	Proportionate allocation of formula	Sample from each owner
Manufacturing	47	$66 * 47 / 192$	16
Construction	49	$66 * 49 / 192$	17
Service	72	$66 * 72 / 192$	25
Trade	17	$66 * 17 / 192$	6

Agriculture	7	$66 \cdot 7 / 192$	2
Total	192		66

SOURCE; MSSE.2009

3.6 Method of data presentation and analyses

3.61 Data presentation

After all information was collected and the result achieved, there is presentation of the result through explaining the result by using tabulation and percentage

3.62 Data analysis

The data that was used for the study includes both qualitative and quantitative. After data is collected by the questionnaires the data was classified in to homogenous group according to content of the response in the questionnaires. Then the data was analyzed in the form of Table, graph and percentages

CHAPTER FOUR

DATA ANALISES AND INTERPRITATION

This chapter deals with the interpretation and analyses of data collected from the questionnaire filled by the respondent of small business enterprise in wolkite town and semi- structured interview conducted with manager. The main objective of this study is to asses MSSE practice on risk management. From 192 total owner of MSSE out of 66 questionnaires that were distributed 52 (80%) were returned (20%) were not returned.

Table 4.1 overview of data collected

Population	Number of enterprise	Sample (t)	Returned questionnaire(r)	Non response Error(t-r)
MSSE	5	66	52	14
Total	5	66	52	14

Key: t= sample; r= returned questionnaire; t-r Non response error (14)

Source 2019: research data

4.1 DEMOGRAPHIC CHARACTERISTICE

Respondents were requested to mention their sex, age, educational level martial states which is present in the table 4.2.

In the below table item number one represent that 33 (63%) of the sample is male the rest 19 (37%) were females.

As it can be viewed from this result participation of male exceed that of female by four in running micro and small scale enterprise sector. Item number two represents age distribution of the owner 4(8%)of the owner is age is below 20 and 36(70%)of the owner age between 21-30 and 12 (22%) of owner is between 31-50 and no one's age is between 51-60 so according to

these information high number of owner is involves between 21-30 . item number three shows that educational status of owner from the above table 7(14%) of the respondent are primary school and 8(16%) of respondent are secondary school and 15(29%)of respondent in MSSE are certificate and 19(36%) of respondent is diploma other one 3(5%) is degree no one is fund in MSSE above degree .item number four .the result of data analysis presented in the above table revealed that the marital status of 56.25% of the respondent was married ,31.25 % was single 12.5 was diverse and no one is found windowed. So the number of marred respondent is greater than other respondent.

Table 4.2 Demographic characteristics of the respondents

No	Item	NO of respondent	Percentage
1	Sex		
	Male	33	63%
	Female	19	37%
	Total	52	100%
2	Age of respondent	Frequency	Percentage
	<20	4	8%
	21_30	36	70%
	31-50	12	22%
	51-60	-	22%
	Total	52	100%
3	Educational status of the owner	Count	Percentage
	Primary school	7	14%
	Secondary school	8	16%
	Certificate	15	29%
	Diploma	19	36%
	Degree	3	5 %
	Above	-	-
	Total	52	100%
4	Marriage status of the owner	Count	Percentage

	Married	29	56.23%
	Single	16	31.25%
	Divorced	7	12.5%
	Widowed	–	–

Table 4.3 Administrator of micro and small scale enterprise

No	Who is the manager of the business	Count	Percentage
1	Owner him/her self	13	25%
2	Relative of the owner	10	18.75%
3	Employed person	29	56.25%
	Total	52	100%

Referring to the above table 25% of the administer are owner his or her self, relative of the owner administer the business and other 56.25% of administer of the business were employed person.

4. 2 .The reason why risk management practice were introduced in the organization

When asked the reason why risk management practice were introduce in there institution a majority of respondent, indicated the most important reason was to assist poor (47.5%), to increase profitability of institution(37.5%), to satisfy a government requirement(15%),and to satisfy power full promoter within the organization (5%).

4.3 .Risk faced by small business

Day to day operation is exposed for various sources of risk and in this case , the focuses of this business should on who best threat them rather than striving after avoiding them .It is observed from the above table that only 70.625 % of the business were faced the risk during their operation . But the remaining 29.375% of the business did not come across with accidents. this implies the business are dealing with leaser probability less exposure of the risk .In the addition this table represent the business faced different type risk from those 40% of the

respondent said that fire accident, 24% theft accident, 22% of the respondent respond problem related with employees like lack of experience about their work and the remainnig 14% responded others. The researcher understand from this table are the percentage of employee related accident were greater than some others.

Table 4.4

No		Respondent		
		Count	Percentage	
1	Dos the business face any risk			
	Yes	37	70.625%	
	No	15	29.375%	
	Total	52	100%	
2	If your answer is yes what type of Risk the business suffered			
	Fire accident	15	40%	
	Theft accident	9	24%	
	Employ accident	5	14%	
	Other like competition, customer wants, business cyclicalitiy ,business interruption etc	8	22%	
	Total	37	100%	
3	If your answer Is no what is the reason secure from risk			
	Build relationship	5	30%	
	Better strategy	5	32.75%	
	Good security	3	20.25%	
	Good experience	1	9%	
	Other specify	1	8%	
	Total	15	100%	

Source: research data 2019

The second response from respondent 29.375 % of owner of MSSE Delfana branch is do not face risk in your business . The main reason to secure to different risk for those 5(32.75%) of respondent is build relationship 5(30%)of respondent is better strategy3(20.25%)of respondent is good security 1(9%) of respondent is good experience of owner to the business and 1(8%) one is other specifies.

4.3 Method of risk handling tools

The method risk handling Tools used by small business

Table 4.4

No	Method do you used to handle risk	Respondent count	Percentage
1	Insurance	-	-
2	Reduction	52	100%
3	Loss control	-	-
4	Avoidance	-	-
5	Non insurance transfer	-	-
6	Transfer	-	-
	Total		100%

Source: research data 2019

Analysis of the above table shows that all of 52 respondent use risk reduction tools in order to minimize risk .None of them are used insurance, loss control, non insurance transfer and transfer method of risk handling tools.So it is difficult to use only reduction tools to reduce risk.

How to make employees aware to risk

Table 4.5

No	Do you let employee aware to risk	Count	Respondent
1	Yes		
2	No		
	Total		
No	Method of employee aware to risk	Ranking	Percentage
1	Risk manual	16	30.5%

2	Using supervision on one to one basis	14	27.5%
3	Regular training	12	23.5%
4	Regular meeting	10	18.5%

Source: research data 2019

When asked how they sensitized on risk majority of respondent 30.5% said they used the risk manual while another 27.5% said they used one to one supervision to make employees aware of risk issues. There will still others 23.5% who used regular training as a way of communicating risk to employ last used method was regular trainings 18.5%.

Table 4.6

What is your attitude towards risk			
No	Attitude	Count	Percentage
1	Insurance	24	47%
2	Market change	18	35%
3	Business culture	11	22%
	Total	52	100
Does the manager discuss employee with risk issue			
	Yes	25	48.7%
	No	27	51.3%
	Total		100%
If your answer is yes, with time is discussed			
No	Time	Count	Percentage
1	Monthly base	8	33
2	Quarterly	7	28.5
3	Half yearly	6	25.3
4	Annually	4	16.2
	Total	25	100

Source: own survey, 2019

it is widely believed that the attitude of owner significantly influence on risk management practice in MSSE .concerning the attitude of owner manager towards risk , the vast majority of respondent 47%do not believe that adequate insurance for major risk preclude the necessity of regularly raising the issue of risks. Furthermore, the majority claimed that the adoptability market change is more importance for them to minimize some of influence negatively impact their business Therefore, it is clear from the result the adoptability to market change is vital four MSSE to mitigate some of market risks and 35% further agree that their business encourage taking entrepreneur risks, very few of respondent 22 percent of respondent claimed that business culture is averse to entrepreneur risk.

Finding indicate that risk management is owner /manager centered as majority 51.3 %with risk while 48.7%did discuss with employees risk issues .Four those who discuss23.2%do monthly base ,6%on quarterly bases 9.5% half ,5.7 %annually. The result indicate that entrepreneur are centered on avoiding risk ,rather than devising risk control method hence risk are left unmanaged until they surface only then can MSSE spur in to action to address them .the result further agree with sparrow (1999)who noted that risk management practice in small firms relate to the belief and attitude of owner manager

The researcher analyses the table from the total respondent of the questionnaire 24(46.875%) the respondent influence or affected by lack of education .that means half of the population of MSSE owner in the business have no enough knowledge about the importance of small business .Another factor affect to manage effectively the business ,from 52 respondent 26(46.26%) is influenced by lack of owner to operate the business and remaining 2(6.875%) affected by other factors like lack of infrastructure such as water supply electric city road , telecommunication , technology etc and lack of politically stability are those others .

4.5 Risk management practice adopted by the business

The researcher understood that from the above table the majority of respondent adopt or have risk management practice that means 48 or 93 percent of respondent responds and 4 or 7 percent of MSSE owner have not adopt or apply risk management practice . and out of 93 percent of respondent 16 or 33 percent owner adopt cultural /risk awareness ,15 or 32.25 percent uses or build relationship with customer, competitors family and government etc

,another owner said that 10 or 20 percent of respondent uses risk permitting ,4 or 9 percent of respondent select collaboration and on one can use risk committee and 3 or 5.7 percent of respondent uses other specify.

Table 4.7

	Dos the business adopt risk management Practices	Count	Percentage
1	Yes	48	93%
2	No	4	7%
	Total	52	100%
No	Adaptation of RMP	Respondent count	Percentage
1	Cultural/ risk awareness	16	33%
2	Build relation ship	15	32.25%
3	Risk permitting	10	20%
4	Collaboration	4	9%
5	Risk committee	-	-
6	Other specify	3	5.75%
	Total	48	100%

Source : research data 2019

4.6 The factor that influence to away from risk management

Table 4.8

If you're answer is no in the above table what is the reason			
No	Factor	Respondent	
		Count	Percentage
1	Lack knowledge	2	40.75

2	Lack of experience	1	30%
3	Other like lack of technology , shortage of finance etc	1	29.25%
	Total	4	100%

Source: research data 2019

The researcher refer in the above table little owner of micro and small scale enterprise in Wolkite town have no risk management practice , out of 52 respondent 4 or 7 percent of respondents do not apply RMP .

Chapter Five

Summery, conclusion and recommendation

In the analyses sector detailed investigation discussion were made .now in these section the researcher has summarized the finding conclusion .so that one can get essay access to observe the finding clearly.

It possible to say that most of the owner of small business were with strongly risk is bad for these business can Bering about an impact and detailed them from future expansion and even they may get bankrupt so that it is better to manage properly to take it .as defending mechanism most of the business are favor of the method reduction were by they can bring down the severity and frequency of loss than may inflict up on the business .In these case, there belief it that it is worth protecting the risk before it happen rather than trying to rush to different direction after loss occurred .these presumed to be aggravated du the factor lack of awareness in the area of risk management .besides the main objective or the study is to assess risk management practice in MSSE and it conclude as follow:

- The day to day operation of the business frequently brings arranges risk exposure for the business. Some of exposures are employ related risk, fair risk and theft risk. That is worth mentioning relation to this percentage of employ related risk were greater than other like fire and theft accident. For the sake of effective treatment of the loses of the less faced the business are expect to make sound decision in relation to selecting the most appropriate method of risk management rather they are able to cope with the potential adverse consequence happen because of employee and other constraints include fair and theft accident .According in this case widely used method of dealing with loses are reduction method only.

- In relation to risk management the small business are with the intention that they are to take some positive measure to deals with the potential loss faced. In this regard, it seems that they are chasing of using reduction method.
- Educational back ground and states of an individual is very likely to determine his approach and how he is going to be have towards things .Even if, things are not going satisfactorily in the small business.
- The attitude of owner manager of small business influence towards risk management .Some of attitude from owner is market change, insurance and business culture so the owner focus such factor.

Recommendation

Effective risk management is critical for success of MSSE in the global development and the number of small business increase from time to time. But what is recommendable kept in mind whatever the growth they scoring ,it is better to be all rounded .these means that there growth in the number of establishment alone for sure remain soothing and may not be contributing and acting in the best interest of the society . It is therefore it recommended that:

- ❖ The overall efficiency and effectiveness of the small business is always that the public is longing of.
- ❖ To fulfill the key objective of MSSE mainly to assist poor and to increase profitability of the business, MSSE product will need to be in more robots manner
- ❖ What is to be practiced contemporary in the small business is the different loss exposer are assumed with paying no attention that to their and probability of occurrence .Hence to assuming loss, the division is better to made consciously and deliberately. this trend of small business is possible to be encouraged and is reality admirable as is one of the important method of managing risk .And his regarding what is worth saying is that the reduction measure center of attention should be fair accident .it is presumed that one possible factor that being as hinder progress for efficient risk management in small business lack of awareness in the subject matter concerned .hence the arrive for proper risk management in small business is possible accompany by enabling the awareness of small business to be exposed risk and aware raising programs

- ❖ It is dared to say that the loss reduction method is the most favored of treating exposer for its wide application in small business .This trend of small business is possible to be encouraged and is admirable as it is one of the important method of managing risk
- ❖ Monitoring periodic work shop for MSSE to address issue of risk management.

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