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# The Perceptions of Zimbabwean SMEs on the Relevance of Risk Management in their Businesses

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## ABSTRACT

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SMEs are faced with different types of risks while running their businesses and RM could play a vital role in dealing with these risks. Therefore, it is crucial to examine the SMEs perceptions on the relevance of risk management in the success of their businesses as it might influence SMEs owner-manager to adopt or ignore RM practice. This study was conducted to establish the perception of SMEs on the relevance of risk management in the success of their businesses. The study was conducted among SMEs who reside in two provinces of Zimbabwe namely Harare Province and Mashonaland Central province. In order to achieve the main purpose of the study, a mixed method research design was used. The target population of the study include Small to Medium Enterprises from all sectors in Zimbabwe's ten provinces. The study's target population was around 780 684 and the sample was 278 respondents. The study used a combination of cluster sampling and simple random sampling methods to select the sample. Data was collected using structured-questionnaire and semi-structured interviews to SMEs in Harare and Mashonaland Central provinces. The findings of the study show that the SMEs have a negative perception on the relevance of risk management in the success of their businesses. Thus, risk management is not relevant for SMEs due to their size and is viewed as more relevant to big businesses who have the resources and have much at stake. The researcher concluded that the perception on the relevance of risk management is negative in Small to Medium enterprises in Zimbabwe and recommended SMEs capacity building on risk management, transformation of SMEs business norms, review of SMEs policy framework and SMEs networking in order for them to obtain risk management skills and knowledge.

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**Keywords:** Perceptions, Risk management, Small and Medium Enterprises

## Introduction

SMEs are very important to the growth of any nation. Developed and developing countries are realizing SMEs as the instrument for fostering economic growth (Abeyrathna and Kalainathan 2016). Generally, there is a strong relationship between SMEs and economic growth (Mugozhi and Hlabiso 2017). Many authors suggest that these enterprises play a very important role in the economy of developing countries by enhancing competition and entrepreneurship (Goriwondo 2012 and Mamman et al. 2015). Consequently, SMEs have been recognized as the engine of growth all over the world as they contribute to employment creation, Gross Domestic Product (GDP), poverty reduction and improved standards of living (Cudjoe et al. 2017), advance industrial growth and fortify economic standings is inarguable (Goriwondo 2012; Mamman et al. 2015 and Nyamwanza et al. 2014). The activities of SMEs have significantly generated the economic growth of developed countries. These include Korea, Japan, Taiwan and many others (Abeyrathna and

Kalainathan 2016). Likewise, in Zimbabwe SMEs have created 5, 7 million jobs and contribute US\$7, 4 billion to the economy (FinMark Trust 2013). In fact, it has been observed that SMEs employ about 60 percent of the country's workforce and contribute about 50 percent towards GDP (Chiwara 2016). The sector is not only seen as an employment creator, but it also acts as a spongy of retrenched people coming from the private sector (Gwangwava et al. 2014)

However SMEs are operating in a dynamic and complex environment and they face risks on a daily basis and this affects their performance. Studies have shown that SMEs are more vulnerable than large enterprise organisations (Jadi et al. 2014; Yusuf and Dansu 2013; Pashkova 2016 and Sunjka and Emwanu 2015) because they have limited management and business expertise, lack adequate financing and are subject to cumbersome regulatory and bureaucratic requirements (Sunjka and Emwanu, 2015 and Fjose 2010). Thus, most of the SMEs are exposed to the harmful effects of the risks, due to inadequate resources and structural characteristics. SMEs are facing different types of risks while they are running their businesses and risk management could play a

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vital role (Abeyrathna and Kalainathan 2016). Over the years, risk management has been acknowledged as a fundamental practice in SMEs (Duong 2009; Falkner and Heibl 2015 and Panigrahi, 2012).

It can be argued that SMEs are far from adopting a positive approach toward risk management. According to Smit and Watkins (2012), SME owner-managers are ignorant pertaining to the risks their enterprise face, despite having the evidence that businesses that adopt risk management strategies are more likely to survive and grow. Furthermore, studies of risk management have been focused on larger firms (Aon Risk Solutions 2017; Otieno 2016 and Wijekoon et al. 2016) thereby giving low priority to SMEs. Hence, it is questionable whether SMEs perceive risk management as relevant to their businesses.

The perception of SMEs and their knowledge towards risk management play a crucial role in how risks are handled. The perception of risk management is demonstrated in critical decisions in the organisation. The way that risk management is perceived also affects the decisions and actions regarding its management. Risk management is less developed within SMEs where strong individual perception militates against managing risk in a professional and structured way. No comprehensive investigation has yet been focused on examining the perception of SMEs on the relevance of risk management in their businesses in Zimbabwe. Therefore, it is imperative to understand how SMEs perceive the relevance of risk management as this may affect their risk management practices. Specifically this research seeks to answer the following question and hypothesis:

#### ***Research question***

What is the perception of SMEs on the relevance of RM in the success of their businesses?

#### ***Hypothesis***

SMEs owners have a negative perception on the relevance of risk management in the success of their businesses.

### **Literature Review**

According to Tshikovhi and Shambare (2015), perception refers to an individual's attitude of personal interest in executing entrepreneurial behaviour. Perception towards an action is the degree to which a person has an unfavourable or favourable evaluation of the behaviour in question, in this case RM. The attitude of owner-managers and their knowledge of risks play an essential role in how systematically risks are handled (Bayaga and Flowerday 2010).

The main responsibility for RM in SMEs, as stated by Haviernikova and Okreglicka (2019), is borne by the owners, whose risk perception and attitude towards RM influence whether achievement of the stated goals is adequate. Moreover, Das and Teng (2001) argued that characteristics of decision-makers, such as risk attitude or perception, also affect RM practices in companies. This echoed by Chimwai and Munyanyi (2019), who confirmed that both perceived risk and risk attitude have a positive and significant relationship to the adoption of RM strategies by entrepreneurs.

RM practices of SMEs are greatly affected by the owner's perception of risk and the accompanying attitude towards RM (Ntlhane 1995). Owner-managers' attitudes and knowledge of risks affect how thoroughly risks are dealt with (Bayaga and Flowerday 2010). According to Dimitratos, Johnson, Plakoyiannaki and Young (2016), the perception of risk is closely linked to the attributes and characteristics of the business manager and is evidenced in critical decisions. The way the risk is perceived also affects the decisions and actions regarding its management (Dib, Rocha and Silva 2010). Due to the lack of financial resources or trained human resources, RM in SMEs is often overlooked with risks assessed as intuitive for the most part and based on the managers' experiences (Kubíčková, Votoupalová and Toullová 2014).

According to Yakob, Hafizuddin-Syah, Yakob and Raziff (2019), the overall implementation of RM is viewed as less important in SMEs. This might be due to the perception of the SME owners in Bangi Sentral, in Malaysia, where the study took place, who did not regard RM implementation as essential, probably because the majority are relatively small enterprises. Moreover, these SMEs do not anticipate to be exposed to challenges and higher risk in the same way that large firms do. RM is also perceived as costly, hence SMEs are financially unable to fully implement RM in their businesses. As a result of limited financial resources, the implementation of ERM has not become a priority in SMEs (Yakob *et al* 2019).

Whereas traditional RM applies to financial risk and accidental risk because they are transferable risks, ERM applies more specifically to strategic and operational risk and is seen as an extension of RM. According to Beasley (2016: 3), "The objective of ERM is to develop a holistic, portfolio view of the most significant risks to the achievement of the entity's most important objectives." Beasley (2016) explains that, "The "e" in ERM signals that ERM seeks to create a top-down, enterprise view of all the significant risks that might impact the business." This means that ERM endeavours to address all the different kinds of risks that could positively and negatively impact the enterprise's viability.

Hoyt and Liebenberg (2008) discovered that firms that had adopted ERM were large. It was further determined that large firms were more likely to have effective ERM, compared to smaller firms. Similarly, Waweru and Kisaka (2012) explained that the size of a firm, which is reflected in the form of assets owned, can influence the effectiveness of RM systems. The larger the organisation, the more complex its operations become and therefore, its exposure to threatening events increases. Gordon *et al.* (2009) pointed out that firm size, which translates into resource endowment, was critical and important when considering management control systems, hiring staff to implement ERM and designing ERM systems.

Yakob *et al.* (2019) determined that ERM in SMEs has not been fully implemented when compared to large firms. SMEs in Malaysia's Bangi Sentral have, for example, not fully implemented ERM strategy due to a lack of experience and knowledge in the business that may result from a lack of awareness and lead to inadequate responsiveness with regard to the importance of ERM in their businesses (Yakob *et al.* 2019).

According to a study by Dankiewicz *et al.* (2020) in Poland the results of the survey showed that three-quarters of enterprises did not manage risk in a formalized way and that decision-makers in enterprises often paid too little attention to the issues related to managing different types of risk. Furthermore Kotaskova *et al.* (2020) found that entrepreneurs in all V4 countries perceive financial risk as an everyday part of their business activities.

The importance of modern RM, which entails a holistic approach, is widely acknowledged in all organisational spheres (Cienfuegos 2013). RM is an essential part of organisational processes, in that it helps the organisation in the effective achievement of its goals. In today's aggressive business environment, each organisation works with risk (Henschel 2008a; Napp 2011; Ng'ang'a *et al.* 2015). This makes it imperative to assess and lessen risks to the most minimal conceivable level, so they do not reappear or turn out to be more extreme.

Risk is a fundamental part of business, since firms cannot work without taking risks. In times of crisis, companies need to carefully monitor current expenses and forecast potential costs, which could be caused by risky actions (Woods 2007). With risk being inherent in all business functions and in every kind of activity, the importance of knowing how to identify risks, attribute a value and a priority scale, design actions and mechanisms to minimise risks, and continuously monitor them, is essential to guarantee companies' survival and create sustainable value (Gorzeń-Mitka 2015). This is especially true for SMEs that are most

exposed to the harmful effects of risks, due to limited resources and structural features.

The management of risk is one of the most important issues facing SMEs today (Shoki *et al.* 2014). Having a process in place to identify major business risks is one of the crucial procedures of running an effective control system in companies. RM is no longer limited to only financial and insurable risks, rather, it is extending its focus on every operational and strategic level of organisations (Harvett 2013). Risk has always been part of the operational environment of organisations and is something that neither the SME owner, nor the large multinational can escape. Therefore, by incorporating RM into their operations, SME owner-managers are well equipped to exploit their environment and yield a positive return.

Risks can have adverse consequence for business organisations, particularly SMEs. It was noticed by Howard and Jawahar (2002) that RM starts to be an essential part in small business achievement, as a single risk that is not properly managed can undermine SME survival. This is because the high failure rate of these entities can, to some degree, be attributed to the absence of RM practice. RM may help SME managers to recognise noteworthy risks that could jeopardise the achievement or presence of the organisation, so as to proficiently adapt to them (Brustbauer 2016). Misinterpreting or neglecting to perceive risks can, in the most pessimistic scenario, have deplorable outcomes, including client loss and even insolvency (Smit and Watkins 2012).

Henschel and Gao (2010) confirmed that a RM framework is fundamental for SMEs, in light of the fact that it is required by law, as well as on the grounds that it is in the strategic interest of the SME. More so, RM is a noteworthy consideration for SMEs, especially due to their sensitivity to business risk and rivalry (Smit and Watkins 2012). RM will, along these lines, help in the advancement of an alternate course of action to stop the disintegration of organisational income and enhance execution. The absence of RM has also been illustrated as one of the main causes of entrepreneurial failure and loss of competitive advantage of enterprises in Slovakia (Hudáková and Lusková 2016; Hudáková *et al.* 2017)

While RM is vital in securing business capital (Chavali and Mohanraj 2016), its aim is to maximise opportunities, minimise threats and optimise achievements of project objectives. It also seeks to support decision-making through providing an overview of individual risk and the overall risk exposure for the organisation (Shoki *et al.* 2014). Additionally, RM will limit the consequences of threats that occur, as well as proactively capturing more opportunities. In this sense, it is unlikely that a project will be successful without effective RM, making it a

critical success factor for the organisation. In order to achieve effective RM, the organisation needs a solid foundation that ensures risks is properly identified, assessed and controlled (Bayaga and Flowerday 2010). Thus, managing risks to reduce and minimise loss exposure is essential for SMEs.

Several authors confirm that SMEs are nowhere near to having a positive approach towards RM due to various limitations. These include inadequate infrastructure, limited managerial and technical expertise, lack of financial and intellectual resources to generate substantial technological developments and change, and weak information networks to locate and recognise relevant information and knowledge, as well as low investment in research and development (Ekwere 2016; Islam and Tedford 2012; Sunjka and Emwanu 2015; Smit and Watkins 2012)

Findings by Knox (2012) emphasised that SMEs believed RM is only relevant for implementation in large organisations. This observation matches the opinion of nearly 10 percent of SME, who were of the opinion that RM is only reasonable in larger corporations (Rautenstrauch and Wurm 2008). Furthermore, Patsis (2007) argued that many SME owners think they are not at risk because of the size of their business. This view is also supported by Winks (2008), who pointed out that RM is practiced only by large firms, as opposed to SMEs.

According to Baker (2011), ERM is under-utilised by SMEs as it is perceived to be complex and reserved for specialised experts and has a connection to large organisations. However, the results are not consistent with findings by Enterprise Risk Management Initiative (2017) and CGMA (2017), whose results show a growing interest in RM by SMEs and a positive perception of RM as a way to influence the strategic success of an enterprise. Gupta (2011) also pointed out that managers had an understanding and a perception of effective RM improving organisational performance.

Anil and Cakir (2015) examined risk perception in Turkish SMEs and found that Turkish managers perceive risk as loss and excitement based on their cultural differences. This view is supported by Deloitte (2009), who highlighted that fewer smaller organisations have RM programmes, as they expect limited value derived from its implementation. Additionally, SMEs in their start-up phase often underestimate risks or even ignore these completely (Fisayo and Nwankwo 2010). According to Mogire *et al.* (2011), SMEs in Kumasi in Ghana had a relatively high knowledge and awareness levels of business risk but there was no practical implementation of business RM, as only a small number were insured, due to their negative perception of insurance. In order to enhance the adoption of RM strategies by SMEs, it is important that the perceptions of owners and managers must be

altered, with regard to the probability of occurrence, possibility of impact and severity of impact of a risk event.

As stated by several experts (Sira *et al.* 2016; Klucka and Grunbichler 2016; Hudáková *et al.* 2017; Leskaj 2017; Masar and Kelísek 2017), SME managers have a dangerous tendency towards exaggerated confidence and that when problems occur, they will be resolved in time and without much loss. The tendency is to be confident, based on their success in establishing and leading the business, and it might be common for small business owners to put RM plans at the bottom of the list of priorities.

## Materials and Methods

The study utilized the mixed methods research design. Creswell (2014) characterises mixed methods research as an approach to inquiry that mixes quantitative and qualitative forms of research. The study focused on 256 SMEs in Harare Metropolitan and Mashonaland Central Provinces using cluster sampling as it allowed making use of a bigger sample for similar fixed expenditure. Cluster sampling is helpful when the sample is big (Kumah 2011). It involves sequential sampling of units by progressing from larger population sizes to smaller ones (Gray 2014). Respondents were then randomly selected from each of the two clusters to realise a sample size of 256 respondents. Random sampling ensured everyone in the SME sub-sectors had an equal opportunity to be incorporated within the sample, which would accommodate the statement by Anchor and Benesova (2012) that some sectors are more prone to risk than others. The technique of simple random sampling is a method of choosing a sample size from a population randomly and providing every component with an equal and independent chance of being selected (Kumah 2011). Data was collected using structured questionnaire and semi structured interviews. The questionnaire was employed to collect data and interviews were also conducted in situations where respondents did not have time to complete the questionnaire. According to Robinson (2014), interviews offer the researcher the opportunity for a more in-depth examination when clarification is necessary to given responses.

The questionnaire generally measured respondents' understanding of Risk Management (RM) and appreciation of the importance of Risk Management (RM) within small and medium businesses, by means of the Risk Management Perception Scale (RMPS). Perceptions of SME owners on the relevance and value of RM in the success of their businesses were measured with this scale. It was based on 12 items (for instance, the cost of employing RM

initiatives is justified compared to the benefit). Each item is rated on a 7-point Likert scale, ranging from *strongly disagree* (1) to *strongly agree* (7). RMPS was used by Sifumba *et al.* (2017) in their study of Cape Town manufacturing SMEs' RM practices. Their study confirmed an acceptable reliability of the scale in this instance, with a Cronbach Alpha Coefficient of 0,836. As the Cronbach Alpha is close to 1, these results proved to be reliable (Pietersen and Maree 2007; Jackson 2004).

In order to endorse the reliability and validity of the data received and the measurement instrument internal consistency tests were conducted (Tavakol and Dennick 2011). Cronbach's Coefficient Alpha was utilised in this study to test for internal consistency of the questionnaire. It is a measure of its ability to measure the variables of interest consistently. A score above 0.70 was obtained for the questionnaire.

Qualitative data was analysed using thematic analysis. Thematic analysis is a systematic approach of analysing qualitative data involving identification of themes; coding and classification of data according to themes; interpreting the subsequent thematic structures by looking for relationships, commonalities, patterns, explanatory principles or theoretical constructs (Butler-Kisber 2010). The questionnaire was pre-tested prior to the actual survey was conducted, by means of a pilot study and corrections or additions were made accordingly.

A one sample t-test was used to test the hypotheses. A t-test is a type of inferential statistic used to establish whether a significant difference exists between the means of two groups, which may be related in certain features. The t-test is one of many tests used in statistics for hypothesis testing. In a One Sample or single sample t-test, the test variable is compared against a "test value"; a known or hypothesized value of the mean in the population (Kim 2015).

The t-test was used to verify whether the hypotheses are accepted or rejected. It determined whether the sample mean is significantly different from the hypothesised mean based on a particular confidence level. A confidence level indicates how much of the entire population will fall into that sample. When a confidence interval of five percent is used, it implies that 95 percent of every observation done within that population will reach the same conclusion. In this research, a confidence interval of five percent is used, based on other research (Liebenberg and Hoyt 2003; McShane, Nair and Rustambekov 2011).

## Results

This section discussed the findings with regard to SMEs perception on the relevance of risk management

in the success of their businesses based on the statements from the main questionnaire. A one sample T- test of the results was performed to determine the perception of SMEs on the relevance of risk management in the success of their businesses. The question was based on the hypothesis of uniformity of expected responses to questions. From the findings the variable has a mean score of 3.1885 which is below the test value of 3.5. The results are statistically significant ( $t = -3.363$  and  $p = .001$ ) for this variable. Therefore, the hypothesis on this variable is accepted. The observed findings were significantly different from expected frequencies. In other words, this result was statistically significant and was not due to chance.

Another very interesting finding in this study is the negative perception by respondents on the relevance of RM, evidenced by the low mean. However, in follow-up interviews on the same issue the interview data revealed some divergent views with regard to the perception of SMEs on RM relevance in SME success within the study context. In fact, the findings show that RM is only important to firms that practice it. As a consequence, this shows the role of RM is only pragmatic to those who have practiced it. During the interviews, few participants indicated that RM is relevant in their businesses, while many echoed its irrelevance in small businesses. This is shown below:

### ***Risk management is relevant for SMEs***

A few of the respondents had this to say:

*Risk management is relevant in my business.*

*The fact that I don't practice risk management doesn't make it less relevant.*

From the above statements it was concluded that RM is viewed to be relevant in SMEs, even though some SMEs admitted to not practicing RM. The owners of these firms believe RM is critical for SME success.

### ***Risk management is not relevant for SMEs***

During the interviews, respondents mentioned that:

*I don't see the relevance of risk management because I have survived for 10 years without using it.*

*Risk management is not relevant for SMEs.*

*Risk management does not play any role in my business as I am operating without it.*

*I don't see risk management as very relevant as my business has survived without it for many years.*

*Risk management is not very relevant in my business.*

From the statements above it was concluded that RM is viewed to be of no relevance to SMEs. The owners of these firms believe that having survived for

many years without practicing RM they can still survive without it in the future.

***Risk management is a waste of time***

Some respondents had this to say:

*Sitting down and managing risk is mere waste of time in the unpredictable business environment. One has to think fast and act promptly.*

*It is cumbersome for me to take the risk management activity into my hands because it is time consuming. There are so many things that need to be done out there which make the business go on.*

It was concluded from the above statements that RM is not considered relevant in SMEs. Owners of these small enterprises believe there is more of a need to be up-to-date with other relevant activities, rather than wasting time managing risk.

***Risk management is an unnecessary expense***

One respondent opined that:

*Risk management is a cost that one has to bear hence is avoided at all costs as SMEs don't have the resources.*

*I am an African by birth and as Africans we do not value things like insurance as it is viewed as a waste of money which could be used for other important things.*

From the above statements it was concluded that RM is not relevant to SMEs. The owners of these firms believe it is better to invest in other important activities than to waste money on RM.

***Risk management is meant for big businesses***

One respondent put it this way:

*We cannot afford to manage risk because of the size of our businesses.*

*I don't have much resources at stake. I live from hand to mouth. So I feel I should not worry about risk management. Let those with large assets worry about keeping their assets safe because if they lose them it's a huge blow.*

*Risk management is for big businesses as they have the resources. As for small businesses like ours it's a waste of the meagre resources.*

*Risk management is meant for big sharks as they have a lot to lose. Small businesses like ours don't lose much in case of a disaster.*

*Big businesses have a lot at stake and they are the ones who should manage risk not us who have smaller 'nyana' resources.*

It was concluded from the statements above that RM is relevant for big businesses and is not considered to be of relevance in SMEs. The owners of these firms believe SMEs do not have much to lose in terms of

assets, hence do not believe they suffer when they lose as much as big businesses.

It is noteworthy that SMEs in Zimbabwe are not prioritising RM in their business. Even though RM seems to play an important role in SMEs, some participants did not see the relevance of RM in SMEs. Interview responses reiterated that the issue of RM for SMEs was of no relevance as it was perceived to waste valuable time and resources. They also felt that RM was meant for big businesses who had a lot at stake, rather than SMEs who mostly survive from hand to mouth. Respondents claimed they had survived for many years without practicing RM. It has become clear from these findings is respondents dispute the fact that RM benefited their organisations through success of their enterprises. However, it appears they are not informed on the relevance of RM to SMEs considering it is not given priority. This is not a good indicator for SMEs in Zimbabwe, as it exposes their organisations to the negative effects of risk facing businesses. The interview responses, therefore, reinforced the quantitative results that SME owners have a negative perception regarding the relevance of RM in the success of their businesses. These interview findings, therefore, reinforce the survey results and previous literature that point to a negative perception on the relevance of RM by SMEs.

## Discussion

SMEs have a negative perception on the relevance of RM in their businesses because SMEs are familiar with RM in their businesses yet consider RM to be useful in their companies to only a limited extent. They managed risk proactively and risks facing the organisation were logged and filed to a lesser extent. Furthermore, it was also noted that budgets for RM exist, as do RM communication channels at all levels of management, risk was also found to form part of the agenda in leadership meetings and risks were addressed within a reasonable time after identification, albeit marginally. Additionally, SMEs also felt that the cost of employing RM initiatives were justified compared to the benefits and they appeared aware of where to obtain information about RM, albeit in a limited scope.

The SMEs have exhibited a negative perception on the relevance of risk management in the success of their businesses. Many authors believed that SMEs have quite a way to go before adopting a positive approach towards RM, due to limitations such as inadequate infrastructure, limited managerial and technical expertise, lack of financial and intellectual resources to generate substantial technological developments and change, and weak information networks to locate and recognise information and

knowledge especially relevant to them, as well as low investment in research and development (Ekwere 2016; Islam and Tedford 2012; Sunjka and Emwanu 2015; Smit and Watkins 2012)

According to several experts (Sira *et al.* 2016; Klucka and Grunbichler 2016; Hudáková *et al.* 2017; Leskaj 2017; Masar and Kelísek 2017), SME managers have a dangerous tendency toward exaggerated confidence in that, when problems occur, they will be resolved in time and without much loss. This tendency to be confident is based on their success in establishing and leading the business, and it might be common for small business owners to put RM plans low on the list of priorities.

Knox (2012) highlighted that many small businesses believed RM is only relevant for implementation in large organisations. This statement corresponds with the view of almost 10 percent of SME, insofar as RM only being realistic in bigger businesses (Rautenstrauch and Wurm 2008). Similarly, findings by Winks (2008) highlighted that only large firms practiced RM, which is not the case with SMEs. According to Baker (2011), ERM is underutilised by SMEs as it is perceived to be complex and reserved for specialised experts and has a connection to large organisations. Furthermore, Patsis (2007) argued that many SME owners think they are not at risk because of the size of their business.

However, the results are not consistent with those of Enterprise Risk Management Initiative (2017) and CGMA (2017), whose results show a growing interest in RM in SMEs and a positive perception of RM as a way to influence the strategic success of an enterprise. In order to enhance adoption of risk management strategies by SMEs, it is important that the perceptions of owners and managers, with regard to the probability of occurrence, possibility of impact and severity of impact of a risk event, must be transformed.

Previous studies (Patsis 2007; Rautenstrauch and Wurm 2008; Fisayo and Nwankwo 2010; Baker 2011; Mogire *et al.* 2011; Knox 2012; Islam and Tedford 2012; and Smit and Watkins 2012; Anil and Cakir 2015; Sunjka and Emwanu 2015; Sira *et al.* 2016; Ekwere 2016; Klucka and Grunbichler 2016; Hudáková *et al.* 2017; Leskaj 2017; Masar and Kelísek 2017) found that SMEs have a negative perception with regard to the relevance of RM in the success of their businesses, which this study also demonstrated implying SMEs in fact have a negative perception where the relevance of RM is concerned in the success of their businesses.

### Conclusion

With regard to the perception of SME owners on RM relevance in the success of their businesses, it is concluded that SME owners perceive the relevance of

RM negatively in the success of their businesses. Results show SMEs perceive RM as not relevant. The hypothesis that SMEs have a negative perception of RM relevance to the success of their businesses is, therefore, supported and accepted. Consequently, the researcher concludes that SMEs in Zimbabwe have a negative perception regarding RM relevance in the success of their businesses.

Results show that SMEs perceive risk management as not relevant for SMEs but meant for big businesses. Therefore the researcher concludes that the perception on the relevance of risk management is negative in Small to Medium enterprises in Zimbabwe. The study recommends SMEs capacity building on risk management, change of business norms by SMEs to allow actions that may lead to new business methods, such as RM. Policy-makers should also review the SMEs policy framework to include an SME monitoring policy that will permit the government to monitor and follow-up on SMEs in terms of RM and SMEs should network with other business partners in order to obtain RM skills and knowledge.

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