

Role Of Risk Management Practices In Ensuring The Sustainability Of Small And Medium Sized Enterprises (SMEs) In Garissa County, Kenya

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Abstract: Small and Medium-sized Enterprises (SMEs) continue to fail to maintain their performances. Such failure was associated with fluctuations in levels of service delivery, infrastructure, demand for services and goods. To determine the influence of risk identification on the sustainability of SMEs in Garissa County. According to County Government of Garissa (2021) data on SMEs, there were over 6,000 in number with over 3,000 operating within Garissa township. This forms the target population in the study. Close to 254 traders had registered for bookkeeping and financial training to enhance their skills in business. This formed the accessible population in the study. used to explore any relationships between the study variables. Lastly, the use of inferential statistics including regression analysis. The study found that risk identification influenced sustainability of SMEs in Garissa County in different ways including brainstorming about problems that may face the SMEs.

Key Words: Garissa County government, Small medium sized enterprises, Sustainability.

Introduction Small and Medium-sized Enterprises (SMEs) in various dimensions including the industry that deals with fashion have progressed into a system that is complex global with persistent environmental and social challenges pertaining sustainability. Most sectors including public, private and the civil society sectors have caused these problems that are very persistent and demanded for the system change towards the fashion that is sustainable. Even though there have been emergencies of substitute practices and collaborations of industry through the whole system, they have not brought about any change to a sustainability transition. Rather, the system only shows signs of being trapped into unsustainability. In a US study by Buchel, Hebinck, Lavanga and Loorbach (2022) examining the transitioning state of the small industries via analysis of multi-level perspective system, the basis was on a research project that was co-created with the former C&A Foundation. In 2020 this enterprise became the Laudes Foundation where the analysis of transition displays that the fashion system is barred into a state of uncontrollability, disconnection, growth focus, disposability and extraction. The researchers used the analysis to come up with a set of strategic transformation pathways which can be pursued today throughout the system of fashion to speed up the transformation to a fashion which is sustainable.

In the period of economic globalization, Small and Medium-sized Enterprises (SMEs) are known to be the engine of economic development that is sustainable in the developed and developing countries. In literature, three competitive challenges: the global challenge, the technological challenge and the sustainability challenge are faced by industrial entities in the current globalized economy, are categorized (Gikenye, 2014). Systemic review of the literature that is covering the theme of technology and SMEs was undertaken by some of the researchers for the purpose of identifying how technological progress in the Small and Medium-sized Enterprises (SMEs) and correlate with Small and Medium-sized Enterprises (SMEs) improvement of survival in the worldwide competition (Nugroho et al., 2017). Six driving forces were identified by the review: link with Multi-National Corporations (MNCs) and Transnational Corporations (TNCs), social capital, sharing and networking, innovation, adoption of productivity and information technology that is enhancing technology while influencing technological upgrade in the SMEs (Nugroho et al., 2017). Two conditions were also identified by the review for successful adaptation of technology in the Small and Medium-sized Enterprises (SMEs) sectors which are identification of opportunities of new technologies in the competition and availability of technologically skillful workforce in the economy. These two conditions could be seen in the macro environment and emphasize the importance for the readiness of the economy towards sustainability of SMEs and bringing about success.

Some of the biggest opportunities for Small and Medium-sized Enterprises (SMEs) as the global economy continues to develop towards increased integration will come from their ability to participate in the universal marketplace at the same time sustainably elevating their competitiveness. It is validly known that Small and Medium-sized Enterprises (SMEs) are becoming increasingly significant in terms of wealth creation, employment, and innovation development (World Bank, 2017). However, there are still existing doubts about the risk management quality in this important sector of economic development with policy-makers who suggest that there are weaknesses in innovation, marketing, insufficient financial acumen, entrepreneurial flair, human resource management and practical planning and management knowledge. As a result, numerous firms fail to reach their full potential and do not grow. A study in Kenya on strategic planning and sustainability among Small and Medium-sized Enterprises (SMEs) using an exploratory desktop review determined SME Business development. Strategic Planning for Small and Medium-sized Enterprises (SMEs) Growth and Sustainability was employed by the study. It entailed the following: Small and Medium-sized Enterprises (SMEs) Business Control Structure, Benefits, and importance of Strategic Planning for Small and Medium-sized Enterprises (SMEs) and display reason as to why Small and Medium-sized Enterprises (SMEs) fail to execute Strategic Planning. The study showed that many Small and Medium-sized Enterprises (SMEs) suffer suitability as very few celebrated their second birthdays.

Small and Medium-Sized Enterprises continue to fail to maintain their performances (Njoroge, 2017). Such failure is associated with fluctuations in levels of service delivery, cash flow, economic conditions, appropriate management strategies, infrastructure, demand for services and goods (Business Daily, 2015). According to the survey released in 2018 by the Kenya National Bureau of Statistics

(KNBS) indicated that about 400,000 micro-enterprises, small-enterprises and medium enterprises fail to celebrate their second birthday (Wakianga, 2022). This survey discovered that just a few SMEs are able to reach their fifth birthday, which leads to concerns of sustainability in this important sector (Wakianga, 2022). While opening the Small and Medium-sized Enterprises (SMEs) Financing Africa Forum 2018 in May, Central Bank of Kenya (CBK) Governor Patrick Njoroge informed out that about 46 percent of Small and Medium-sized Enterprises (SMEs) in Kenya close just within a year after foundation (Anyanzwa, 2019).

Small and Medium-sized Enterprises (SMEs) apply risk management to cushion them from unstable business environments to ensure their growth and sustainability (Njoroge, 2017). Deliberate planning helps Small and Medium-sized Enterprises (SMEs) to focus on the future and be careful in their handling of different circumstances. Small and Medium-sized Enterprises (SMEs) practicing risk management are expected to have high returns on investment, futuristic plans, and low chances of business failure.

Literature review

The concept of Risk identification on the sustainability of Small and Medium-sized Enterprises (SMEs)

Shad, Lai, Fatt, Klemeš and Bokhari (2019) examined the moderating sustainability effect reporting all practices on the relationship that exist between ERM implementation and performance of business. Performance of business is stepped into the breach through a value-added measurement technique i.e., Economic Value Added. Adoption of a worthwhile Enterprise Risk Management has a significant advantage on performance of overall business. However, the studies conducted on implementation of ERM and how reporting of sustainability could influence performance of organizations through ERM are limited. Numerous business organizations worldwide do not incorporate initiatives of sustainability within their corporate strategy, whereas they ought to be important input for corporate planning and strategic management. Through combination of the Modern Portfolio Theory and the Stakeholders Theory, Shad, Lai, Fatt, Klemeš and Bokhari (2019) integrated ERM implementation of ERM with sustainability reporting to help in finding out their effect on business performance of business' EVA. The study entailed an analysis of quantitative content of the of the annual reports in order to gather information about companies' ERM practices and sustainability reporting. The secondary data in the study that has a relationship to the EVA measurement that was drawn from the Thomson Reuters DataStream using ordinary least square (OLS) model, provided insights in formulation of strategies as well as serve as an important conduit to enhance the performance of EVA more so the oil and gas companies. The study revealed that performance of EVA can be achieved through the improvement of ratios of price to earnings as well as through reducing the cost of capital by decreasing the information asymmetry among the insurance companies, the business, the

lenders and the companies' shareholders. As such the interest falls in the comparisons to ascertain possibility of the Garissa County SMEs adopting such risk management practices for sustainability.

In a different study by Sarkis (2021) to investigate the supply chains sustainability in an environment of post-COVID-19, the researchers used a systematic literature review approach. Using personal research experience, published literature, practitioner interviews and insights from virtual open forums, the study scope narrowed down to the COVID-19 pandemic. The study found that the events of pandemic and responses are not matched to supply chains and modern operations. The study further discovered that practitioners and scholars seek to make sense of how this event led to re-evaluation of fundamental scholarly notions and ontology. Implications of sustainability actually exist. In as much as long-term effects are still not certain and require research, short-time environmentally sustainability gains still occur. Sustainability and resilience are interdependent and cooperatively they require investigation.

Other researchers (Croom, Vidal, Spetic, Marshall and McCarthy, 2018) posited that in a socially sustainable supply chain (SSSC), Identification of risk has focal point on pressing social issues and may provide benefits of operation besides bringing about positive impacts on society. However, because of the current knowledge gaps, it was hard to identify what practices would have the ability to provide benefits and what management practices can be able to improve the impact of these operational performance practices. The aim of their study was to improve the knowledge on the social sustainability orientation effect on operational performance through examining the conciliate roles of fundamental and advanced SSSC practices and moderation role of long-term orientation (LTO).

The relationship of US-based companies with their key suppliers was employed by the study. Multiple regression and confirmatory factor analysis were utilized to assess the proposed model of moderated mediation. The findings of the study revealed that sustainability orientation anticipates operational performance through advanced rather than basic SSSC practices. The revelations also made through the results were that the effect of sustainability orientation on operational performance is remarkably moderated by LTO. The review shows that while the study focused on risk identification, it failed to point out specific identification mechanisms for the businesses. This creates gaps that the proposed study seeks to fill.

A different study in the United Kingdom by Urbański, Haque and Oino (2019) examined the moderating role of risk management under risks identification. The study focused on new market construction industry in Pakistan and UK. Using data from as ample of 152 firms using questionnaires, the primary data was collected. Purposive sampling was used to enhance representation of the firms in the sample using RAND formula. Analysis of quantitative data was done by utilizing the least square structural modelling. The study found statistically significant project planning and risks identification with success of the projects in the firms. Moreover, the study revealed that risk management through risks identification was statistically significant in the relationship between planning and success. The differences in cultural contexts had insignificant differences in how the firms handled their risk management practices towards success

of the businesses. Compared to the proposed study, the earlier research failed to mention the influence towards sustainability. The current study focused on success born of risk management practices that included risk identification process. As such, this is a gap that can be studied under the proposed research.

In South African supply chain in cobalt mining, Brink, KleijnSprecher and Tukker (2020) reported that the supply of cobalt is majorly intense in both mining and refining countries. The researchers found that the supply of cobalt for refineries, companies and individual mines is not intensified as such, cobalt supply of cobalt is variegated by artisanal mining and thus its network links are associated with specific supply risks. The risks highly influence the sustainability of the businesses as a supply fault line may lead to closure of the mines.

Another study focusing on developing countries examined management of risk as one of the most significant internal processes, in both large companies and SMEs (Oláh, Kovács, Virglerova, Lakner, Kovacova & Popp, 2019). With an aim of identification of risk can be critical in all companies, the analysis and comparison of the economic and financial sources of risk in small and medium sized enterprises of the V4 (Visegrad Group: Czech Republic, Hungary, Poland and Slovakia) and Serbia, in the context of the business environment of business in the countries analyzed is the basic objective of the study. Using a questionnaire-based survey, the study consisted of 2110 Small and Medium-sized Enterprises (SMEs) from Hungary, Czech Republic, Poland, Slovakia and Serbia. The questionnaire also had questions on the significance of risk management and the importance of risk concept in the firm. In order to evaluate hypotheses that were formulated, the following tools of statistics were used: a Z-value, contingency tables and a general non-hierarchical model of log-linear which contain a continuous covariate and categorical variables. Finally, the deviations among Serbia and V4 countries were identified. Compared to V4 countries, Serbia is more prone to the financial sources of risk from the study. According to the results obtained from the research, inadequate profit is riskier in comparison to the other sources of risk and all countries are prone to this issue. The study showed that risk identification is key in business across many countries including Kenya. Nevertheless, the study did not pinpoint the direct influence on sustainability but instead focused on success. Thus, the proposed study examined these gaps.

2.1 Effect of evaluating business risks on the sustainability of Small and Medium-sized Enterprises (SMEs)

A study in Turkey by Asgary, Ozdemir and Özyürek (2020) investigated how Small and Medium-sized Enterprises (SMEs) in a country recognize main risks globally. The objective of this study was to investigate how a country pays attention to situations that influence small and medium sized enterprise evaluation of the impacts, probability and global risks ranking, and to examine if assessment of risk of Small and Medium-sized Enterprises (SMEs) and rankings has significant difference from the global rankings. Data were obtained using an online survey of manufacturing Small and Medium-sized Enterprises (SMEs) in Turkey. The results indicate that geopolitical risks and economic risks globally are of main concern for Small and Medium-sized Enterprises (SMEs) while environmental risks are

ranked in the last row. High levels of structural unemployment or underemployment and fiscal crises in key economies were found to be the highest risks for the small and medium sized enterprises among the economic risks.

The following risks were found to be among the biggest transnational risks for the Small and Medium-sized Enterprises (SMEs): negligence of national governance, negligence of regional or global leadership and inter-state conflict with regional consequences. The Small and Medium-sized Enterprises (SMEs) considered the risk of massive data theft and large-scale cyber-attacks to be relatively increased than other worldwide technological risks. Negligence of urban planning and severe social instability were among the top risks from society for the Small and Medium-sized Enterprises (SMEs). Even though global disaster and global environmental risks were positioned at the bottom on the list, they are hazardous and were ranked the highest among this group of risks. Overall, the results indicate that small and medium sized enterprises at a national level, an example of Turkey, recognize global risks that is different from the main global players. Thus, the proposed study questions the context of the Turkey business environment vis-a-vis the Garissa County one.

In another study, Havierniková and Kordoš (2019) explored Small and Medium-sized Enterprises (SMEs) execute their activities in an ever-changing environment influenced by different processes that impact their sustainability. With a proposition that the destiny has the companies which have the ability to respond immediately to the issues, they also have the ability to exploit opportunities to satisfactory. One kind of modern entrepreneurship that could help small and medium sized enterprises' sustainability in this case is none other than cluster cooperation. This kind of entrepreneurship brings numerous advantages even though it is also influenced by different risks. Assessment of the perception of selected risks of business that have an impact on SMEs' engagement into cluster cooperation was the main aim of their study. Using the questionnaire surveys of 1004 small and medium sized enterprises, the insight was therefore evaluated with much emphasis on the dissimilarities between micro, small and medium sized enterprises.

From the data that was obtained, the tendencies are exposed through the evaluation and assessment of following categories of risk such as: Relation risks, Market risks, Common resources risks, Competency risks and Operational risks being allocated by a particular risk indicator afterwards. Competition risk proved to be the most significant indicator of risk as confirmed by the final assessment made upon from the respondents' analysis of answers. The study elaborates the concept of competition that is an intervention variable in the proposed study. Competition and entry of other SMEs or even large corporations are risks that every Small and Medium-sized Enterprises (SMEs) needs to consider in its risk evaluation process. This creates an association to which the proposed study can be conducted to find any differences with the Small and Medium-sized Enterprises (SMEs) in Garissa County.

For Žigienė, Rybakovas and Alzbutas (2019), management of risk in commercial processes is included to be the most significant approaches influencing the Small and Medium-sized Enterprises (SMEs) competitiveness. The study points to their potential

contribution to SDGs and innovativeness. Ecosystem of commercial processes is necessity to risk management by small and medium sized enterprises. The researchers made opinion that assessment of commercial risk and management utilizing parts of big data, machine learning technologies and artificial intelligence have the ability to be expound and sustained as external services for a category of small and medium sized enterprises allowing to share benefits and costs. In their article, Zigiene, Rybakovas and Alzbutas (2019) aimed at providing conceptual framework of assessment of commercial risk and solution of management based on artificial intelligence elements. It was done in the context of policy documents, scientific literature and standards of risk management. Major building blocks of the framework with regard to data sources, commercial risk groups and workflow phases are displayed in the article. The article's findings pointed out that risk management which includes risk evaluation in today's business world must consider competition as a risk for sustainability.

In Serbia and related community, Dvorský, József, Zuzana and Sándor (2018) evaluated the sources of market risk of Small and Medium-sized Enterprises (SMEs) in light to the environment of the business of the analyzed countries. In order to attain this objective, a survey that was questionnaire-based was carried out and it involved 1,905 Small and Medium-sized Enterprises (SMEs) in these countries. Sources of market risk include: unhealthy competition in the business field, losing customers, suppliers that are unreliable and stagnation of the market. Tools of mathematical statistics such as Relative Frequency, pivot tables, Z-Score and goodness of fit were used in order to provide comparison of assessment of selected sources of market risk. In light of the evaluation of entrepreneurs, partial outcome of this research indicate that the most serious market risk source is customers lose (close to 22%). When evaluating sources of risk, the country of operation of all the entrepreneurs is a factor that is statistically important. There is statistical vital dissimilarity between entrepreneurs existing in the analyzed countries in the period of assessing the high and very high intensity of the following sources of market risk: "losing customers", "stagnation of the market" besides "unreliability of suppliers". These include the potential risks that can be evaluated among Small and Medium-sized Enterprises (SMEs) in Garissa County. Environmental factors affect the success of business, and thus affecting risk factors.

In most countries, small and medium sized enterprises play a vital part in projecting economic growth that is sustainable and creation of jobs and projecting economic growth that is sustainable hence, the requirement to find out factors for example entrepreneurial factors which influence small and medium enterprises' sustainable growth (SMESG). Based on this argument, Diabate, Sibiri, Wang and Yu (2019) surveyed on insights into EAs which influence SMESG in Côte d'Ivoire and an evaluation of the extent to which EO affects the relationship of EA-SMESG. Through utilizing data from 320 Ivorian SMEs, the results testing hypothesis confirm the relationship between SMESG and every dimension of EA which includes: creativity, risk control, creativity, opportunity detection ability and relationships, excepted ability of learning.

As for the moderating effect of Entrepreneurial Orientation, the entrepreneurship's innovativeness significantly and positively controls the relationship of EA–SMESG; pro-activeness advantageously controls the relationship between SMESG and close to all EA dimensions; and risk tendency regulates the relationship EA–SMESG for risk-control ability and creativity. On the basis of major findings, implications of management are formulated with regard to promoting SMEs sustainable growth. For example, considering the impact of EA on SMESG, actors of development have the ability to elevate the efficiency of Ivorian Small and Medium-sized Enterprises (SMEs) through actions that aims at strengthening the abilities of managers and entrepreneurs. The emerging questions related to the proposed study is whether the Kenyan (specifically Garissa County) Small and Medium-sized Enterprises (SMEs) can increase efficiency through risks evaluation focused on sustainability.

3. Methods and materials

This study consisted of a mixed methods approach. Quantitative and qualitative research was utilized because the two approaches induced non-identical aspects of risk management practices besides complementing the weaknesses associated with the other (Creswell, 2013). For qualitative data, the interview guide was used to supplement data obtained from the questionnaires.

It is a plan/structure which particular research takes in order to permit conclusive action for decision-making (Zikmund, Babin, Carr and Griffin, 2010).

The study adopted descriptive design since it is exploratory. Descriptive design describes, analyzes, and interprets conditions that exists or existed (Kothari, 2005).

Therefore, the design was efficient in gathering information required in the study to explain the perceptions and views of the respondents and the evaluation on how the risk management practices influence sustainability of Small and Medium-sized Enterprises (SMEs) in Garissa, Kenya.

4.0 Results and Discussions

Table 1 Demographic information

Sector	Population	Calculations	Sample	Percentage
Livestock Vendors	17	154/254*n	10	60.6
Cereals sellers	20	154/254*n	12	60.6
Hardwares and Motor vehicle spares parts vendors	27	154/254*n	16	60.6
Miraa Vendors	40	154/254*n	24	60.6
Mini supermarkets and General shops	8	154/254*n	5	60.6
Hotel services providers	15	154/254*n	9	60.6
Fuel Stations companies	9	154/254*n	5	60.6
Electronics and Electricals	34	154/254*n	21	60.6
Phone and Accessories	22	154/254*n	13	60.6
Transport sector e.g., Buses and Bodaboda.	58	154/254*n	35	60.6
Other services providers e.g., Artisans, phone repairs, shoeshiners, Clothing and Footwear	4	154/254*n	2	60.6
Total	254		154	60.6

Table 1 shows that each of the 11 identified sectors of the Small and Medium-sized Enterprises (SMEs) contributed respective number of traders in the sample. The table shows that the actual sample size was 154 from the used methods. Selecting an individual participant

considered stratified random sampling to enhance equal chance of participation among the traders (Zikmund et al., 2010) as well as ensure that each stratum is proportionately represented in the study. In addition, 5 financial services providers were sourced from the County to add up to the sample.

DATA ANALYSIS, FINDINGS, AND INTERPRETATION

4.2 Response Rate

The study achieved 6 interviews with 2 staff from commercial banks, 2 from SACCOs, and 2 from other Credit facilities. The study also managed to achieve 97% questionnaire return rate as presented in Figure 2.

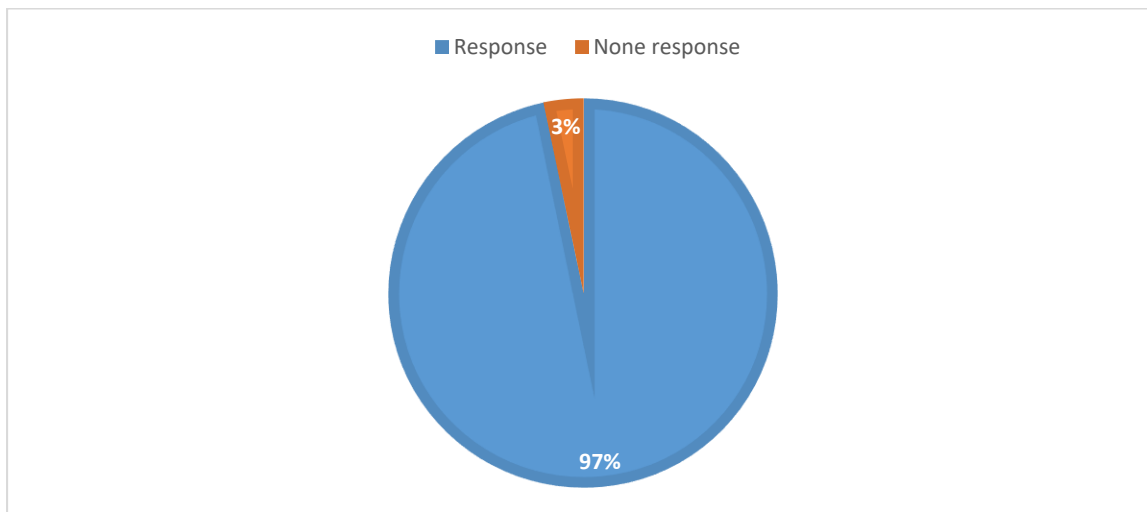


Figure 1 Response rate

Figure 2 shows that there was 97% questionnaire return rate from the issued 154 pieces. This was achieved through a logical and systematic process of data collection starting at acquisition of research permit as well as authorization from the Ministry of education, Kenya National Chamber of Commerce and Industry, Garissa Chapter and the County Government of Garissa department of Trade and Industry.

4.3 Demographics of the Questionnaire Respondents

The demographics of the questionnaire respondents were analyzed from the collected data and the results presented as per the specific demographics as follows.

4.3.1 Gender of the Respondents

Table 2 shows the age (in years) and the educational levels achieved by the respondents.

Table 2 Age (years) and Educational level of the respondents

Age (years)	Frequency	Percent
Below 30 years	32	21.5
30-39 years	32	21.5
40-49 years	75	50.3
50 years and above	10	6.7
Total	149	100
Educational level		
No formal education	15	10.1
Certificate/Diploma	43	28.9
Bachelor's degree	63	42.3
Other	28	18.8
Total	149	100

Table 2 shows that 75(50.3%) halves of the respondents were aged 40-49 years with 32(21.5%) being below 30 years and 30-39 years old. The fewest were aged 50 years and above. This implies that the traders in Small and Medium-sized Enterprises (SMEs) were variedly distributed across the ages. However, there was a dominance of the ages 30-49 years denoting a slightly above youthful age in the Small and Medium-sized Enterprises (SMEs) in Garissa County.

Table 2 also shows that the educational level of the respondents ranged from no formal education to bachelors' degree with some having "other" qualifications. The table shows that the highest portion 62(42.3%) were Bachelors' degree holders. About 43(28.9%) were certificate/diploma holders while 15(10.1%) had no formal education. This implies that the respondents had varied level of educational qualifications thus likely to have differences in understanding of the concept of risk management in business.

In Figure 3, the finding shows that business type of the respondents.

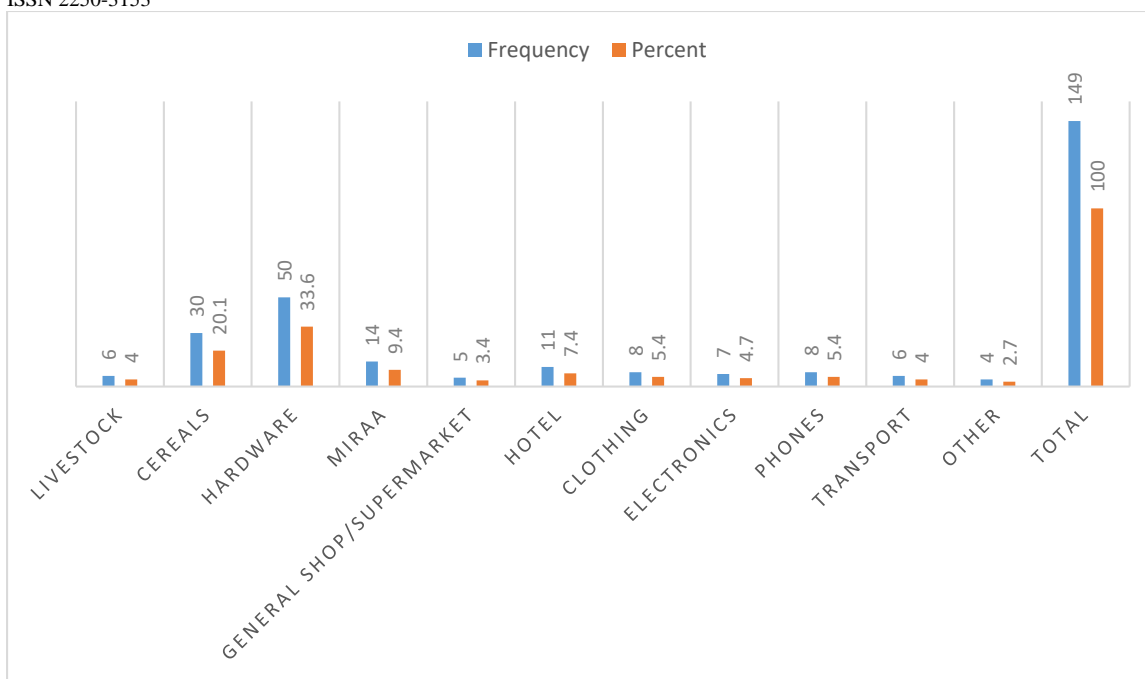


Figure 2 Business type

Figure 3 shows that there were various business types involved in the study. The largest portion entailed the respondents 50(33.6%) from the hardware business. This was followed by the respondents in cereals business 30(20.1%). Other were livestock 6(4%), miraa 14(9.4%), general shop/supermarket 5(3.4%), hotel 11(7.4%), clothing 8(5.4%), electronics 7(4.7%), phones and accessories 8(5.4%), transport 6(4%) and the rest into other businesses.

Table 3 shows the period of existence of the businesses of the respondents.

Table 3 Period in business

	Frequency	Percent
below 5 years	26	17.4
5-10 years	51	34.2
over 10 years	72	48.3
Total	149	100

Table 3 shows that the largest portion of the respondents 72(48.3%) had businesses for over 10 years. about 34% of the respondents indicated having been in business from between 5-10 years while the fewest 26(17.4%) had been in business for less than 5 years. This

shows the differences that exist in the period of the respondents being in business which communicates how experienced they could be in terms of risk management. The longer the existence of the period, the more likely the experienced the Small and Medium-sized Enterprises (SMEs) owners would be.

4.4 Business Sustainability in Garissa County

The study entailed data on business sustainability in Garissa County. The collected data was analyzed and presented using Table 4. The item was made up of a collection of statements describing business sustainability. The respondents were required to rate their level of agreement with the statements on a 5-point Likert-scale ranging from 1- Strongly disagree to 5- strongly agree.

Table 4 Business Sustainability

	N	Minimum	Maximum	Mean	Std. Deviation
I normally analyse my business risk consequences	149	1.00	5.00	2.6644	1.33361
I have been ranking the effects of risks do monitor my business risks	149	1.00	5.00	2.6510	1.18508
I normally work on ending my business risk exposures	149	1.00	5.00	2.7517	1.16773
I review and consider previous risks to my business	149	1.00	5.00	2.6779	1.20958
I have mechanisms f backing up my business data	149	1.00	5.00	2.7584	1.33382
I monitor my business risks	149	1.00	5.00	2.8523	1.22682

Table 4 shows that various statements regarding sustainability of businesses in Garissa County had different ratings among the respondents. The Small and Medium Sized Enterprises (SMEs) owners indicated that the largest portion of the respondents disagreed that they normally analyze their business risk consequences (Mean =2.66). However, this was varied across the respondents with a standard deviation of 1.33.

This follows the findings from the interviews as qualitative results showing that very few of the Small and Medium Sized Enterprises were keen on analyzing the risks associated with their businesses. Through one of the key informants, the following was stated.

Risk analysis is a crucial process for organizations to assess and mitigate potential threats to their operations. Through this process, there is identification of adverse events that could negatively impact businesses and the environment. It helps organizations decide whether to undertake projects or approve financial applications while balancing risks and risk reduction. Apparently, many SMEs here in Garissa hardly buy in this idea [KI 02].

The findings corroborated the posting of Croom, Vidal, Spetic, Marshall and McCarthy (2018) that in a socially sustainable supply chain (SSSC), Identification of risk has focal point on pressing social issues and may provide benefits of operation besides bringing about positive impacts on society. However, because of the current knowledge gaps, it was hard to identify what practices would have the ability to provide benefits and what management practices can be able to improve the impact of these operational performance practices.

Table 4 also shows similar rating of the statements in relation to sustainability of Small and Medium-sized Enterprises (SMEs) in Garissa County. "I have been ranking the effects of risks do monitor my business risks" had a mean of 2.6510, I normally work on ending my business risk exposures at 2.7517, I normally work on ending my business risk exposures at 2.6779, I review and consider previous risks to my business at 2.7584 and I have mechanisms of backing up my business data at 2.8523. These ratings indicate that majority of the respondents rated the statements at the disagree level.

Related to the quantitative findings, the qualitative results that despite the need for risk exposure assessment, fewer Small and Medium-sized Enterprises (SMEs) in Garissa County considered it. One of the key informants posited;

Risk exposure for businesses exists as the potential future losses that a company might face due to various events or actions. It is quantified as the probability of an event occurring multiplied by the expected loss if that event takes place. It is important that Small and Medium Sized Enterprises consider business strategy and decision-making as risks emerge associated with the need to comply with laws and regulations. There are other risks emerge from business operations while others are related to the potential loss of reputation. These are some of the aspects missed out by the Small and Medium Sized Enterprises (SMEs) in Garisaa county. We have been keen on educating and even raising awareness about it, but it hardly bears fruits [KI 04]

The risk identification on the sustainability of Small and Medium-sized Enterprises (SMEs) in Garissa County

Objective one of the study was themed around the influence of risk identification on sustainability of Small and Medium-sized Enterprises (SMEs). The study used a questionnaire to collect data from the respondents about the influence. The questionnaire was designed in a closed-ended items of statements describing risk identification among Small and Medium-sized Enterprises (SMEs) in Garissa County. The statements were measured on a 5-point Likert-scale ranging from 1- strongly disagree to 5- strongly agree. The data was analyzed using descriptive statistics including maximum, minimum, mean and standard deviation, and presented using Table 5.

Table 5 The risk identification on the sustainability of SMEs in Garissa County

N Minimum Maximum Mean Std. Deviation

I conduct some brainstorming for problems that face our business with fellow SMEs	149	1.00	5.00	2.5503	1.18228
I consider reviewing my business growth regularly	149	1.00	5.00	2.7047	1.18836
I have had customer survey for feedback for my business	149	1.00	5.00	2.6107	1.16660
When there is challenge in my business, I conduct root cause analysis	149	1.00	5.00	2.8658	1.32368
I have put in pace project plans for my business	149	1.00	5.00	2.8054	1.16641
I have done at least one SWOT analysis for my business	149	1.00	5.00	2.7517	1.32495

Table 5 shows the respondents rated the statements averagely at disagree level. The statement “I conduct some brainstorming for problems that face our business with fellow Small and Medium Sized Enterprises (SMEs)” had a mean of 2.55. This showed a skew around the disagree rating with a standard deviation of 1.18 that implies variation in the responses. This showed that brainstorming about problems that may face the Small and Medium Sized Enterprises was not common among the business owners in Garissa County.

One of the key informants indicated that the Small and Medium-sized Enterprises (SMEs) were not actually brainstorming on challenges that may arise within their businesses. One posited.

Brainstorming about business risks is a critical step in risk management, allowing teams to identify potential threats that could impact their operations. Gathering team members to think about and discuss potential risks, encouraging open communication and idea sharing is needed for Garissa County Small and Medium Sized Enterprises. These techniques can help businesses uncover risks that might not be immediately apparent, ensuring a more comprehensive approach to risk management [KII 03].

The findings show the emphasis posited by earlier studies on risk management for Small and Medium Enterprises. In the United Kingdom, Urbański, Haque and Oino (2019) found statistically significant project planning and risks identification with success of the projects in the firms. Moreover, the study revealed that risk management through risks identification was statistically significant in the relationship between planning and success.

Through the interviews, the quantitative findings showed that there were concerns about the risk and risk identification among the traders. One of the key informant interviewees posed;

Small traders face price fluctuations due to supply and demand dynamics. Monitoring market trends and understanding seasonal variations can help mitigate this risk. Competing with larger businesses or other traders can impact profits. Analyze competitors and adapt strategies accordingly. There are also delays in transportation, border crossings, or supply chain disruptions can affect trading activities. Identifying bottlenecks and streamlining logistics is essential. Similarly, we have issues to do with ensuring product quality and consistency is crucial. Poor-quality goods can lead to losses and damage reputation [KII 02]

Another one added similar sentiment but on financial risk and regulatory risks.

Small traders often face cash flow challenges. Regularly monitor cash inflows and outflows to avoid liquidity issues. Extending credit to customers can be risky. Assess creditworthiness and set clear credit terms. Small traders must adhere to local regulations, tax laws, and licensing requirements. Non-compliance can result in

penalties. Cross-border traders face customs procedures, tariffs, and documentation requirements. Understanding these regulations is crucial [KII 01]

Table 5 further shows that the identified statements in risk identification and their influence on sustainability of Small and Medium-sized Enterprises (SMEs) in Garissa County had similar trends in rating. Considering reviewing of business growth regularly had a mean of 2.7047; Having had customer survey for feedback for businesses had a mean of 2.6107. Conducting root cause analysis when there is challenge in the business had a mean of 2.8658; while having put in pace project plans for the business was 2.8054. Lastly, having conducted a SWOT analysis was rated at a mean of 2.7517. This indicated that the Small and Medium-sized Enterprises (SMEs) had lapses regarding risk identification for their businesses. This was also consistent with interview findings as many of the key informants showed concerns related to risk identification of Small and Medium-sized Enterprises (SMEs) in Garissa County. One of the informants said;

Here, there are no structured methods that allow individuals to contribute ideas independently before discussing them as a group. The needed organizing of ideas into groups based on their natural relationships, which can help in identifying patterns and categories of risks, is also lacking. In ideal contexts, I would expect the SMEs to examine project or business requirements to identify what could go wrong. This would also enable review of project plans to spot potential risks in the execution phase. This leads to identification of the root causes of potential problems to prevent their occurrence. Finally, cases of assessing Strengths, Weaknesses, Opportunities, and Threats to understand internal and external risks would be brought into the SMEs [KII 01].

The findings corroborate existing studies. Through combination of the Modern Portfolio Theory and the Stakeholders Theory, Shad, Lai, Fatt, Klemeš and Bokhari (2019) revealed that performance of EVA can be achieved through the improvement of ratios of price to earnings as well as through reducing the cost of capital by decreasing the information asymmetry among the insurance companies, the business, the lenders and the companies' shareholders.

Sarkis (2021) also found that the events of pandemic and responses are not matched to supply chains and modern operations. In another one, Brink, KleijnSprecher and Tukker (2020) reported that risks highly influence the sustainability of the businesses as a supply fault line may lead to closure of the mines.

Conclusion and Recommendations

5.1 What is the risk of identification on the sustainability of Small and Medium-sized Enterprises (SMEs) in Garissa County?

The study showed a skew around the disagree rating with a standard deviation of the statements related to risk identification among the Small and Medium-sized Enterprises (SMEs) in Garissa County that implies variation in the responses. This showed that brainstorming about problems that may face the Small and Medium-sized Enterprises (SMEs) was not common among the business owners in Garissa County. that the Small and Medium-sized Enterprises (SMEs) were not actually brainstorming on challenges that may arise within their businesses. The findings show the emphasis posited by earlier studies on risk management for Small and Medium-sized Enterprises (SMEs). Quantitative findings showed that there were concerns about the risk and risk identification among the traders. Small traders

face price fluctuations due to supply and demand dynamics. Monitoring market trends and understanding seasonal variations can help mitigate this risk.

The study also showed that small traders often face cash flow challenges. Regularly monitor cash inflows and outflows to avoid liquidity issues. This indicated that the Small and Medium-sized Enterprises (SMEs) had lapses regarding risk identification for their businesses. This was also consistent with interview findings as many of the key informants showed concerns related to risk identification of Small and Medium-sized Enterprises (SMEs) in Garissa County. There were no structured methods that allow individuals to contribute ideas independently before discussing them as a group.

Recommendations for Practice

The Small and Medium-sized Enterprises (SMEs) owners to focus more on the need to consider resource input towards risk management. This is drawn from the case where fewer Small and Medium-sized Enterprises (SMEs) practice risk management.

The County Government of Garissa to consider involving Small and Medium-sized Enterprises (SMEs) in entrepreneurial training that would raise awareness about risk management. This was found to significantly influence the sustainability of the Small and Medium-sized Enterprises (SMEs).

The financial institutions in Garissa County should support the Small and Medium-sized Enterprises (SMEs) to identify risks and raise awareness on how to mitigate them. This is attributed to the findings about the role of various mechanisms used to mitigate risk for some SMEs. This can be leveraged and applied to all the Small and Medium-sized Enterprises (SMEs) in Garissa County.

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