IMPACT OF RISK MANAGEMENT ON SMALL SCALE BUSINESS PERFORMANCE AND CHALLENGES ASSOCIATED WITH EFFECTIVELY MANAGED RISK IN THE BUSINESS.

(A CASE STUDY OF ROYALS EATERY, ILORIN)

BY

ABDULFATAI AMINAT OYINKANSOLA

ND/23/BAM/PT/0582

BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF NATIONAL DIPLOMA (ND) IN BUSINESS ADMINISTRATION AND MANAGEMENT IN THE DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT, INSTITUTE OF FINANCE AND MANAGEMENT STUDIES, KWARA STATE POLYTECHNIC, ILORIN.

JULY, 2025

CERTIFICATION

This is to certify that this research work has been read and approved as meeting part of the requirements of Department of Business Administration and Management, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin for the award of National Diploma (ND) in Business Administration and Management.

____________________________ ___________________

MR. OLAGUNJU S. **DATE**

(Project Supervisor)

____________________________ ___________________

MR. KUDABO I. M.. **DATE**

(Project Coordinator)

____________________________ ___________________

MR. ALAKOSO I. **DATE**

(Head of Department)

____________________________ ___________________

EXTERNAL EXAMINER **DATE**

DEDICATION

This research work is dedicated to God Almighty who has been my help, my source, my all in all and to my parents, Mr. and Mrs. ABOLAJI for their care and ever increasing love and support to ensure I get the best of education despite the cost of education. I am forever grateful.

ACKNOWLEDGMENT

I thank Almighty GOD for making this research work and the entire degree program possible for me despite all the challenges during the course of the program. My profound gratitude goes to my best and loving parents MR. AND MRS. ABDULFATAI for their care and uncountable support, morally, spiritually and financially towards me may Almighty GOD continue to bless, enrich your pocket and grant you all your heart desire.

I am grateful to my supervisor MR. OLAGUNJU S. for his support for the success of this research work, May GOD be with you and your entire family.

I owe a debt of gratitude to Head the department, MR. ALAKOSO I. K. for his support and moral teaching and in one way or the other contributed to my life during the course of study generally.

I shall not forget to say a very big thanks to the entire lecturers of the Department of Business Administration And Management, thank you all, I appreciate you for the love, assistance and courage given to me when it was relevant.

TABLE OF CONTENTS

ABSTRACT

Any business has exposure to diverse range of risk. `This exposure includes legal risk, competitive risk, risk to beneficiaries and risk associated with competitors. Risk management is a business tool and a part of effective management and effective planning process. Risk management is a key part of improving business and service to be a lending business the aim is to achieve best practice in controlling all risk to which business is exposed.

This study therefore was carried out to determine the impact of risk management on small scale business performance (using Royals eatery Ilorin as case study). The objective of the study is to determine the level of uncertainty in the operation of small scale business, to verify the effect of risk propensity on the expansion of small business. The data required for the study was gathered through the administration of questionnaire. A total of 20 questionnaire were administered in tantalizer eatery out which and all were returned given a response rate of 100%. Correlation analysis was used to test the hypothesis in order to measure the variables. The research findings shows that there is significant relationship between customer satisfaction and uncertainty, risk propensity has significant effect on profitability, there is relationship between hazard prevention and effectiveness and risk reduction does not have significant effect on profitability. It was recommended therefore that every management should invest on risk management in order to enhance customer satisfaction, increase profitability and prevent hazard

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY.

The importance of Small business Enterprises (SMEs) as engine of growth in both developed and developing countries has been identified by many scholars (Odah, 2005; Agwu&Emeti, 2013; Alese, 2017). According to Kuteyi (2013), SMEs drive their country's development as they create employment and contribute to the gross domestic product (GDP). They play crucial roles in economic development through wealth creation, employment opportunities and poverty alleviation. Small business enterprises has been given different definitions in literature, such as an organization with employees less than 50, between 10 and 50, or less than 250 (World bank, 2001; European Commission, 2006). The fact is that small businesses operate in the same environment as their larger counterparts, but without the associated benefits such as adequate capital and extended human resources of the larger organizations. However, to remain competitive requires regular policy review and development of the new business approaches, which often come with their associated risk (Spedding& Rose, 2008). Given the complexities surrounding business enterprise, the effort to deal with risk exposures has become crucial to SMEs' (Boniface &Ibe, 2012). Small business enterprises continue to face heightened instability from the effect of globalization, deregulations, and intensive competitions (Shecterle, 2010). As such, their Afolabi, T. S., & James, J. T. (2018). Risk Management and Performance of Small and Medium Enterprises in Osun State, Nigeria. Archives of Business Research, 6(12), 157-163. URL: http://dx.doi.org/10.14738/abr.612.5765. 158 failure to be proactive in risk assessment, mitigation and control had resulted in poor firm performance. According to Inang and Ukpong (2002) and Aruwa (2004b) cited by Terungwa (2012), risk is one of the recurrent problems that makes Small business enterprises unattractive to investors. Risk is defined as the uncertainty of loss. Businesses encounter many risks. Small scale businesses are businesses in the private sector and they cut across all industries. The nature of risk therefore varies according to the nature of the business

All human endeavors involve uncertainty and risk. It is widely agreed that risk is more in the business sector compared to other sectors.

Risk is usually defined as an assessment of the possibility of some adverse event occurring and the likely consequence of this events in the function and activities of any business and it service providers.

Risk can come from uncertainty in all areas such as natural causes, business failure, attack from adversaries etc.

Any business has exposure to diverse range of risk. This exposure includes legal risk, competitive risk, risk to beneficiaries and risk associated with competitors. Risk management involve adopting and applying a systematic process to identify, analyze, assess, control and monitor risk so that it is reduced and maintained within an acceptable level,. Risk management is a business tools and a part of effective management and effective planning process. Risk management is a key part of improving business and services to be a lending business. The aim is to achieve best practice in controlling all risk to which business is exposed. To achieve this aim, risk management standard should be created, maintained and continually improved. This will involve risk identification and risk evaluation linked to practical and cost effective risk control measure.

1.2 STATEMENTS OF THE PROBLEM

The level of uncertainty is high in small scale business.

Risk propensity is relatively high as small business attempt to expand and dare risk.Small business firms are facing problems of hazard prevention in relation to their business operation.The ability of small business to reduce risk of the unpredictable environment are relatively small.SMEs owner managers, managers and entrepreneurs are perceived to not make use of risk management methods, to control the risk within their organization. Research has shown that the absence of a structured risk management approach within SME's, ultimately lead to the demise of many SMEs. In today's changing business environment, it is not sufficient to have just the technical understanding of how to start a business venture (Mahadea, 2008). As a result, the focus of SMEs owner managers, managers and entrepreneurs should be orientated on enhancing their results through risk management, to adequately use the financial support infrastructures provided to them, as well as to enable their businesses to enjoy sustainable growth.

Moreover, all these objectives could be best approached if a proper introduction; execution and monitoring of risk management principles and strategies are well understood and applied by SMEs owner managers, managers and entrepreneurs. Much of the research discussed on programmatic risk management focuses on behavior rather than ideas, perceptions or attitudes. More specifically, the study focuses on the behavior of the entrepreneur who is responsible for risk management of the agency. It is therefore important to examine the influence of risk management practices on performance of SMEs.

1.3 RESEARCH QUESTIONS

The following are the question; I intended to investigate in the course of carrying out this work.

- What is the impact of risk management on small scale business performance?
- What is the level of uncertainty that related to operation of small scale business?
- How does small scale business prevent hazard that related to their operations?
- What is the rate of risk propensity of the small business?

1.4 RESEARCH OBJECTIVES

The purpose of this study is to examine the impact of risk management in the development of small scale business. Other objectives related to this study are.

- To investigate how small scale business reduces the risk associated with unpredictable environment.
- To determine level of uncertainty in the operation of small scale business.
- To access the level of hazard prevention in small scale business.
- To verify the effect of risk propensity on the expansion of small business.

1.5 RESEARCH HYPOTHESES

H01 There is no relationship between uncertainty and customer satisfaction

H02 Risk propensity has no effect on profitability

H03 There is no relationship between hazard prevention and effectiveness

H04 Risk reduction does not affect efficiency

1.6 SIGNIFICANCE OF THE STUDY

This study will enable the management of eateries to significantly evaluate the impact of risk management on the business and the challenges associated with effectively manage risk in the business. Also, the findings of the study would enable eateries to service appropriate risk management methodologies that would be important to ensuring business effectiveness.

1.7 SCOPE OF THE STUDY

This study has it scope as focusing on the impact of risk management in small scale business. It is focused on fast food eatery, Royals, in Ilorin, because of the short period given to the study, the project will limit to the risk small businesses are facing in eateries in Ilorin.

1.8 DEFINININITION OF TERMS

Risk: a probability of threat or damage, liability, loss or any other negative occurrence that is caused by internal or external vulnerability and that may be avoided through preemptive action.

Risk management: the Identification, analysis, assessment, control and avoidance minimization or elimination of unacceptable risk. An organization may use risk assumption, risk avoidance, risk retention, risk transfer or any other strategy (0r combination of strategy) in proper management for future event.

Small scale business: is non subsidiary and independent firm which employ less than a given number of employees.

Performance: is the accomplishment of a given task measured against present know standards of accuracy, completeness, cost, and speed. In a contract performance is deemed to be the fulfillment of an obligation, in a number that releases the performer from all liabilities under the contract.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The meaning of risk can be differ from one person to another depending on their points of view, attitude and experience what make the study of risk more and more complex.

Aven (2003), proposed a basic risk theory based on brief selected review that over the last 15-20 years and he presented the evolution of risk concept in oxford English dictionary since 1679, we think that definition followed the environment evolution.

Veland and ave (2005) proposed the same based classification of risk given by aven (2003) and they used this definition to discuss how the risk perspectives influence the risk communication between the decision makers, the risk analyst, experts and lay people.

2.1 CONCEPTUAL FRAMEWORK

2.1.1 Concept of Risk Management

Vaughan and Vaughan(2001) defines risk management as a scientific approach to dealing with pure risks by anticipating possible accidental losses and designing and implementing procedures that minimize the occurrence of loss or the financial impact of the losses that do occur. The authors further submit that the main objective of risk management is to ensure that the organization is not prevented from achieving its primary objectives as a result of losses that might arise from its operations. The achievement of these objectives usually begins with the performance of the risk management function. Watt (2007) opines that the risk management function in SMEs is usually at the prerogative of the owner. This however means that risk management amongst SME is greatly influenced by the owner's risk perception and his attitude towards risk management (Ntihane, 1995; cited by Smith and Watkins, 2012). In this regard, entrepreneurs should acquire the skills of risk identification, analysis and control. Alternatively, the function of risk management should be assigned to another person with the necessary skills within or outside the enterprise. Risk cannot be managed unless it is first identified. Risk identification involves identifying possible risks that may affect the objective of the business negatively or positively. Aruwa (2004) defined risk management as an integral part of good business governance. It is simply protecting the business from possible negative occurrences, as well as recognizing opportunities and capitalizing on them when they arise. In addition, Head (2009) defines risk management as the process of planning, organizing, directing and controlling resources to achieve given objectives when good or bad events are possible.

There are many definition of risk that varies by different application domains. In economic theory, risk refers to situation where the decision maker can assign probabilities to different possible outcome. Similarly, in decision theory, risk is the fact that the decision is made under the condition of known probability over the state of nature. In management, there is no consistent definition for risk (Ward and Chapman, 2003 Perminova et al, 2008), in the management body of knowledge (Project management institute, 2004), risk is considered as " an uncertain event or condition that, if it occur, has a positive (opportunity) or negative (threat) impact on project objectives." However, many practitioners and researcher in management still consider risk to be more related to adverse effects on organization performance (Williams, 1995, Boehm and Demarco, 1997; smith and merritt, 2002; ward and Chapman, 2003), from these perspectives, risk management seems to be about identifying and managing threats to the businesses.

Furthermore, in the literature of risk management, uncertainty is defined as unpredictability of the environment, inability to predict the impact of environmental change, and inability to predict the consequence of a response choice (Millikem, 1987, sicotte and Bourgault, 2008). Risk is often defined as undesired project outcomes, exposure to uncertainty (Smith, 1999, Browning et al, 2002, Smith and merit, 2002; Keizer 2005). This research follows the definition that is mostly used in the literature of risk management and defines the risk as an event having a negative impact on organization outcomes.

Managing uncertainty to enhance organization success rates has been studies for many years (Loch et al, 2006). Risk management is one of the approaches that have been widely applied in practice (Williams, 1995; smith, 1999, Keizer et al, 2002, raz et al, 2002, cooper, 2003; smith and Merritt, 2002). In the literature of risk management several studies have found that applying risk management techniques to innovative organization activities can improve their success rates (Raz et al, 2002; Salomo et al, 2007; O'Connor et al, 2008). Smith (1999) described principles and guidelines for effective risk management and emphasized the importance of active risk management for accelerating organization activities and improving their success rates. Raz et al, (2002) performed an empirical study and reported that risk management practice is more applicable for higher-risk project and appears to be related to organization success. Salomo et al, (2007) investigated the effects of business planning and control on the performance of new product development projects and found that project risk planning and goal stability throughout the development process are found to enhance performance significantly, O'Connor et al, (2008) defined three learning oriented risk management practice, including option mentally, use of experimental and learning processes, and use of harvest strategy, and found that using the first two practice has a significant positive effect on the success radical innovative project. Mu et al. (2009) conducted an empirical study and showed that risk management strategies targeting technological, organizational, and marketing risk factors influence the performance of new product development.

Several researchers have developed risk management methodologies to improve success rates in organization activities. Browning et al. (2002) proposed a risk value methodology that quantifies technical performance risks to identify, asses, monitor, and control the identified risks throughout the organization. Keizer et al. (2002) presented a case study of the risk diagnosing methodology (RDM) developed by Philips electronics Co to identify and evaluate technological, organizational, and business risks in product innovation. Keizer et al, (2005) propose a risk reference framework for diagnosing risk in technological breakthrough projects and concluded that the success of breakthrough organization goals could be improved through formal risk assessment. Gidel et al. (2005) developed a decision making framework for risk management from the cognitive science viewpoint. Ogawa and piller (2006) suggested integrating customers into the innovation process and proposed a new market research concept called "collective customer commitment" to reduce the risk of unmet customer needs. In addition, several study have been published on determinant of new product success and failure (Cooper et al, 2004). The key success factors identified in these studies can be used for identifying potential risks.

Some study have developed portfolio/pipeline management approaches to select appropriate projects for increasing success rates of product launch and to capture the business opportunity and keep the constant revenue for the company (Blau et al, 2000, 2004; Rajapakse et al, 2005). There is a lack of research on providing an integrated framework that links operational risk management with corporate strategies and provide a systematic approach for risk identification, assessment, response planning, and control.

Risk attributes

These are list of common attributes associated to risk.

- Risk description: a description of the risk detailing the impact for the project if this risks becomes a problem (that is, it becomes a reality)
- Risk category: risk identification is usually more easily done when there is a mental framework' in place to ensure that potential area of risk are not overlooked, one way of doing this is to divided risks into categories (such as technical, project

management, organizational and external), to ensure that all aspects of the project which are prone to risk are covered.

- Risk probability: how likely the risk event would happen. This is usually represented as a scale of values (for example, high, low, and medium) probability is one of the most difficulty quantities to judge accurately.
- Risk impact: if this becomes a problem, what will the impact on the project be? This is not the actual description of the impact, but the level of impact. It is usually represented as a scale.
- Risk magnitude: to be able to rank and define which risks need to mitigate first, the risk probability and risk impact attribute are often combine in a single ris magnitude indicator represented as a scale similar to the combined attributes.

Risk response strategy

The risk response should be in line with the significance of the risk. The strategies for handling risk cover two main types: negative risk and positive risk (or opportunities). Common response strategies for negatives risk or threats include.

- **Avoid:** reorganize the project so that it cannot be affected by that risk (for example, removing work)
- **Mitigate:** define actions to reduce the probability or the impact of he risk, removing it from the top of the list.

Transfer: reorganize the project so that someone or something else bears the risk. It simply gives another party responsible for its management. It doesn’t eliminate the risk.

Common response strategies for positive risks or opportunities include:

- **Exploit:** add work or reorganize the project to make sure that the opportunity occurs (it is the reverse of avoid)
- **Enhance:** define actions to increase the probability or the positive impact of the risk (this is the reverse of mitigate)

- **Share:** allocate the ownership of the opportunity to a third party who is best able to capture the opportunity for the benefits of the project.

UNCERTAINTY

According to Herland et al (2006), uncertainty event or condition have negative or positive effect on one or more businesses or organization objectives. The latter means that taking a calculated risk may bring for example, competitive advantage for a goods, if there are benefits associated with any opportunity then they can take a certain degree of risk for organization to be successful.

CUSTOMER SATISFACTION

According to Gronroos (2001) customer perceived services quality have two dimension the functional dimension (process), which denotes how the customer seller interaction and the technical dimension (outcome) which relate to what in the actual service provision.

According to king and James (2004) found that the technical and functional dimension of service quality are both important predictors of customer satisfaction.

RISK PROPENSITY

The concept of risk propensity has important implications for the theoretical modeling of risk behavior and for practical insights into the motives underlying individual level choices about engaging in risky behavior. In organizational terms, a better understanding of risk behavior could contribute significantly to risk management programs. In this paper we have three objectives. First we seek to establish the viability of a new measure of risk propensity and to consider whether it is a construct that can be conceptualized as stable across domainsand time. Secondly, by examining demographic and biographical correlates we seek support for its validity and practical significance. Third, our principal objective, assuming the measure is sufficiently robust, is to explore how personality dispositions underlie risk propensity. Two developments have influenced this research.

The first development is a strong revival of interest in trait psychology, with attention converging around the Big Five factorial model of personality (McCrae & Costa, 1997). The second development has been a rapidgrowth of attention and concern in business around the concept of risk (Bernstein, 1996). This is partly due to greater awareness and incidence of high profile accidents in operational area sand in finance, for example the collapse of Barings bank in 1996 (Fay, 1996).

PROFITABILITY

Profitability means ability to make profit from all the business activities of anorganization, company, firm, or an enterprise. It shows how efficiently themanagement can make profit by using all the resources available in themarket. According to Harward& Upton 1989, "profitability is the 'the ability of agiven investment to earn a return from its use."However, the term 'Profitability' is not synonymous to the term 'Efficiency'.

Profitability is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency. Though, profitability isan important yardstick for measuring the efficiency, the extent of profitabilitycannot be taken as a final proof of efficiency. Sometimes satisfactory profitscan mark inefficiency and conversely, a proper degree of efficiency can beaccompanied by an absence of profit.

HAZARD PREVENTION

A dangerous phenomenon, substance, human activity or condition that may cause loss of life, injury or other health impacts, property damage, loss of livelihoods and services, social and economic disruption, or environmental damage.

RISK REDUCTION

Describes the concept and practice of reducing disaster risks through systematic efforts to analyze and manage the causal factors of disasters,

EFFECTIVENESS

It is the capacity of producing a desired result. When something is deemed effective, it means it has an intended or expected outcome, or produce a deep vivid impression. Effectiveness means doing the right thing.

EFFICIENCY

Is the ability to avoid wasting materials, energy, efforts, money, and time in doing something or in producing a desired result. It is a measure of extent to which input is well used for an intended task or functions. It often specifically comprises the capability of a specific application of effort to produce a specific outcome with a minimum amount or quantity of waste, expense, or unnecessary effort.

2.2 THEORETICAL FRAMEWORK

STAKEHOLDER'S THEORY

Stakeholder theory, developed originally by Freeman (1984) as a managerial instrument, has since evolved into a theory of the firm with high explanatory potential. Stakeholder theory focuses explicitly on equilibrium of stakeholder interests as the main determinant of corporate policy. The most promising contribution to risk management is theex tension of implicit contracts theory from employment to other contracts, including sales and financing (Cornell and Shapiro, 1987). In certain industries, particularly high-tech and services, consumer trust in the company being able to continue offering its services in thefuture can substantially contribute to company value. However, the value of these implicit claims is highly sensitive to expected costs of financial distress and bankruptcy. Since corporate risk management practices lead to a decrease in these expected costs, company value rises (Klimczak, 2005). Therefore stakeholder theory provides a new insight into possible rationale for risk management. However, it has not yet been tested directly. Investigations of financial distress hypothesis (Smith and Stulz, 1995) provide only indirect evidence (e.g. Judge, 2006).Risk Management Theory 10I have designed the following hypotheses to test for the usefulness of this theory in risk management research. The first hypothesis addresses the importance of customer trust and resulting potentially high costs of financial distress in IT and service sectors. The second hypothesis also looks at financial distress costs, but in a general manner – companies withhigh intangible or human assets, and growth options are more sensitive to continuity problems. This is essentially the same as hypothesis 1j of financial economics. And finally, smaller firms are more prone to financial problems, which should increase their interest in risk management practices.

AGENCY THEORY

Agency theory extends the analysis of the firm to include separation of ownership and control, and managerial motivation. In the field of corporate risk management agency issues have been shown to influence managerial attitudes toward risk taking and hedging (Smith andStulz, 1985). Theory also explains a possible mismatch of interest between shareholders, management and debt holders due to asymmetries in earning distribution, which can result in the firm taking too much risk or not engaging in positive net value projects (MayersandSmith, 1987). Consequently, agency theory implies that defined hedging policies can haveimportant influence on firm value (Fite and Pfleiderer, 1995). The latter hypotheses are associated with financing structure, and give predictions similar to financial theory. Managerial motivation factors in implementation of corporate risk management have been empirically investigated in a few studies with a negative effect (Faff and Nguyen, 2002;MacCrimmon and Wehrung, 1990; Geczy et al., 1997). Notably, positive evidence was found however by Tufano (1996) in his analysis of the gold mining industry in the US. Financial policy hypotheses were tested in studies of the financial theory, since both theories givesimilar predictions in this respect. All in all, the bulk of empirical evidence seems to be against agency theory hypotheses however. Agency theory provides strong support for hedging as a response to mismatch between managerial incentives and shareholder interests.

2.3 EMPIRICAL REVIEW

(Pradana M.B 2012) Risk management is an activity which integrates recognition of risk, risk assessment, developing strategies to manage it, and mitigation of risk using managerial resources. Some traditional risk management are focused on risks stemming from physical or legal causes (e.g. natural disasters or fires, accidents, death).Financial risk management, on the other hand, focuses on risks that can be managed using traded financial instruments. Objective of risk management is to reduce different risks related to a pre-selected domain to an acceptable. It may refer to numerous types of threats caused by environment, technology, humans, organizations and politics. The paper describes the different steps in the risk management process which methods are used in the different steps, and provides some examples for risk and safety management.

Inang&Ukpong (2002) and Aruwa (2004) posited that Small and Medium Enterprises (SMEs) are businesses in the private sector and they cut across all industries. In Nigeria as documented in Odeyemi (2003), "empirical report shows that an estimate of about 70% of the industrial employment is held by SMEs and more than 50% of the Gross Domestic Product is Archives of Business Research (ABR) Vol.6, Issue 12, Dec-2018 Copyright © Society for Science and Education, United Kingdom 159 SMEs generated". SMEs are generally very susceptible and only a certain number of them manage to survive due to several economic, market and financial factors (Oboh 2002; Okpara 2000; Wale-Awe, 2000). SMEs have a number of significant contributions to the economic growth and development of Nigeria. Ariyo (2008) affirms that "SMEs account for 97% of all businesses in Nigeria, employ 50% of Nigeria's workforce and produce 50% of Nigeria's industrial output". Moreso, "SMEs enhance the distribution of economic growth in a decentralized and more equitable manner, eliminating concentrated areas of population and enable equitable distribution of wealth in an emerging economy" (Nowduri, 2012). Ogechukwu (2011) also affirm that SMEs participate actively in the mobilization of the natural resources and reduce supply in the labour market. Mead &Liedholin (cited in Smith and Watkins, 2012) argued that "Small and Medium Enterprises and large firms operate in the same business environment but there are evidences that they derive different benefits and opportunities therein. Moreso, they are exposed to diverse categories of risks. This is because of their differences in economic capacity including asses to human capital and material resources". In addition, Kelkar

(2008) noted that SMEs are weak in terms of business plan, management structure and in decision making when compared to large organizations. This further increase SMEs' inability to absorb most business uncertainties and risks. Suh (2010) on the other hand posit that SMEs sector is worst affected by the economic environment and is the first to be hit by any external shock. As a result, there are more SMEs closures than establishments, with approximately only 1 percent of SMEs growing from having five or less employees to ten or more". While studying the financing options available to SMEs in Nigeria, Azende (2012) focussed on cases in Benue and Nasarawa states and emphasized the need to have good risk management practice as a way of resolving the financing options problems. According to the author, predominant SMEs are lacking in good risk management strategies and insurance cover, thus resulting to substantial financial constraints. In a similar research work in India, Panigrahi (2012) revealed that risk management is a useful process that should be adopted by SMEs to improve their business sustainability and chances of successful longevity. The author also identified lack of risk expertise and understanding of the subject matter of risk management as the reason for the ineffective practice of risk management within the small business sector. Furthermore, the attitudes of the business owners and their knowledge of risks were noted to play essential roles in how systematically risks are handled.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This study is to examine the impact of risk management on small business. This chapter therefore focused on the research methodology which comprise of the research method, research design, population of study, collection of data, research instrument, validity of research instrument,reliability of research instruments and ethical consideration.

3.1 RESEARCH DESIGN

This study was made use of cross sectional in order to administer questionnaire and the reference period will be retro-prospective where the researcher will looked at the past occurrence to predict the future.Research method is defined as a systematic collection of data to solve a specific problem.The research method include experiment, survey, ipso-factor, action research, grounded theory, ethnography, archival method, observation. This is a common and popular strategy in business management research, the study strategically used both case study and survey method.

3.2 POPULATION OF THE STUDY

The population of this study was (20). And this reason this research employed 20 questionnaire and distributed them to 20 people, where 3 questionnaire was given to 3 top management and the remaining 17 was given to lower level workers making a total of 20 people. While the result of the findings shall be generalized on the entire population of the study.

3.3 SAMPLE SIZE AND SAMPLING TECHNIQUES

A sample provides an estimate of a population characteristics and the accuracy of the estimate will depend on the selection process, and the extent of variability in the population.

For the purpose of this research the sample size comprises 20 staff of Royals eatery, Taiwo Branch, Ilorin.

3.4 METHODS OF DATA COLLECTION

To understand the studied case deeply, i used several sources of data. Yin (2003) enumerates six sources of evidence that can be used for a case study. These sources are: documentation, interview, participant observation, direct observation, archival records, and physical artifacts. The use of the multiple sources of evidence, according to lindstrom et al (2010), allows a researcher to cover a wider range of historical, attitudinal, and behavioral issues.

PRIMARY DATA

Primary data was adopted through questionnaire. Yin (2003) describe interview as the most important source of case study information. In this opinion, they can provide exact answer to the research question. Again the use of the questionnaire was the main key in the primary data gathering process. In case studies, interview most commonly have open-ended nature, as far as most of the case studies are about human affairs, the interview become essentials sources of case study evidence.

SECONDARY DATA

The use of secondary data is expected to raise the validity and reliability of a project. So secondary source used in this research includes journals, magazines, books, documentation, and the internet. Lindstrom et al (2010), describe secondary data as information collected previously for other purpose and is not case-specific, however, it can be relevant to the studied problem.

3.5 RESAERCH INSTRUMENTS

The questionnaire was designed into two parts A and B. the part A contain the personal information of the respondents including their nationality. State of origin, local government, age, marital status, education qualifications, and the respondent assigned duties. Where Part B on the other hand contain a set of question, items, personnel, structured by the researcher to elicit information on the research topic.

ETHICAL CONSIDERATION

The vital data of my respondent was treated utmost confidentiality. The researcher makes sure that the information that can cause harm to the participant was not included in the questionnaire. Also avoided not been bias.

3.6 METHODOF DATA ANALYSIS

Chi-square is used as the statistical tool in analyzing the data collected because; chi- square statistics measures the degree of correlation, or dependence between qualification variables. Generally speaking, the chi-square is one of the most widely used statistical tests in business schools. When applied properly the chi-square test can help the business researcher to establish the degree of confidence one can have in accepting or rejecting a null hypothesis.

3.8 HISTORICAL BACKGROUND OF THE CASE STUDY

ROYALS. is a leading fast food company established in May 1997 with a promise to deliver full value for money to an increasingly discerning target audience. Over the years, Tantalizers Plc has set and maintained high quality and excellent service standards in the Quick Service Restaurant business. The company pioneered the integration of African menu into fast food operations. Royals provides direct employment for 1,042 Nigerians and supports hundreds of suppliers and their employees across the country.

ILORIN BRANCH

ADDRESS

Taiwo Ibrahim Way, Ilorin, Kwara State, Nigeria.

Ahmadu Bello Way, opposite Nigerian Police Force Headquarters, Ilorin.

Landmarks:

- Chu Covenant Communication Ventures

- Total Petrol Station

- Enterprise Bank

- Bank PHB

- Kwara State Microfinance Bank

PHONE NUMBER

07015-999-045, 07015999147, 07015999114, 07015999113

CHAPTER FOUR

DATA PRESENTATION, ANALYSES AND INTERPRETATION

4.0 INTRODUCTION

This section focus on the presentation, analysis and interpretation of the data gathered. The data obtained for the study is presented in tables, analyzed and interpreted using frequencies and percentages. The Statistical Package for Social Science (SPSS) package was used to analyze frequencies and testing the hypotheses.

4.1 PRESENTATION OF DATA

A total number of 20 questionnaires were distributed. The total copies distributed was returned and analyzed

Questionnaire	Respondents	Percentage (%)
Returned and useful	20	100
Not Returned	0	0
Total	20	100

4.2 DATA ANALYSIS AND INTERPRETATION

4.2.1 ANALYSIS OF DEMOGRAPHIC DATA

Table 4.1 Age range

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	19	95.0	95.0	95.0
	31-40	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows the age distribution of the respondents. From the table above 95% of the respondents are between the age of 21 to 30 years old and 5% are between 31 to 40 years in age. This implies that most of the respondents are between the ages of 21 to 30 years

Table 4.2 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	11	55.0	55.0	55.0
	male	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 55% are females and 45% are male. This implies that most of the respondents are females.

Table 4.3 Marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	13	65.0	65.0	65.0
	engaged	4	20.0	20.0	85.0
	married	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows the marital status of the respondents. From the table above 65% are single, 20% are engages and 15% are married. This implies that most of the respondents are single.

Table 4.4 Educational status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	OND	5	25.0	25.0	25.0
	HND	4	20.0	20.0	45.0
	BSC	10	50.0	50.0	95.0
	MSC/MBA/PHD	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 25% are OND certificate holders, 20% are HND certificate holders, 50% are B.Sc. certificate holders and 5% are either MSc/MBA/PhD certificate holders. This implies that most of the respondents are B.Sc. certificate holders.

4.3.2 TEST OF QUESTIONNAIRE

Table 4.5 Level of risk and uncertainty affect customer satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	30.0	30.0	30.0
	Agree	7	35.0	35.0	65.0
	Undecided	6	30.0	30.0	95.0
	Disagree	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 30% strongly agreed and 35% agreed that the level of risk and uncertainty affect customer satisfaction. 30% were unable to decide and 5% disagree that the level of risk and uncertainty affect customer satisfaction

Table 4.6 There is a relationship between uncertainty and customer complain

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	30.0	30.0	30.0
	Agree	6	30.0	30.0	60.0
	Undecided	5	25.0	25.0	85.0
	Disagree	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 30% strongly agreed and 30% agreed that there is a relationship between uncertainty and customer complain. 25% were unable to decide while 15% disagree that there is a relationship between uncertainty and customer complain

Table 4.7 Customer satisfaction is high when business environment is predictable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	20.0	20.0	20.0
	Agree	13	65.0	65.0	85.0
	Disagree	1	5.0	5.0	90.0
	Strongly Disagree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 20% strongly agree and 65% agree that customer satisfaction is high when business environment is predictable. 5% were unable to decide while 10% strongly disagree that customer satisfaction is high when business environment is predictable

Table 4.8 Uncertainty improve customer patronage in small business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	3	15.0	15.0	15.0
	Agree	3	15.0	15.0	30.0
	Undecided	5	25.0	25.0	55.0
	Disagree	6	30.0	30.0	85.0
	Strongly Disagree	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 15% strongly agree and 15% agree that uncertainty improve customer patronage in small business. 25% were unable to decide while 30% disagree and 15% strongly disagree that uncertainty improve customer patronage in small business

Table 4.9 High risk propensity has positive effect on profitability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	30.0	30.0	30.0
	Agree	5	25.0	25.0	55.0
	Undecided	3	15.0	15.0	70.0
	Disagree	4	20.0	20.0	90.0
	Strongly Disagree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 30% strongly agree and 25% agree that high risk propensity has positive effect on profitability. 15% were unable to decide while 20% disagree and 10% strongly disagree that high risk propensity has positive effect on profitability

Table 4.10 High risk propensity has negative impact on profitability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	20.0	20.0	20.0
	Agree	6	30.0	30.0	50.0
	Undecided	5	25.0	25.0	75.0
	Disagree	3	15.0	15.0	90.0

	Strongly Disagree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 20% strongly agree and 30% agree that high risk propensity has negative impact on profitability. 25% were unable to decide while 15% disagree and 10% strongly disagree that high risk propensity has negative impact on profitability.

Table 4.11 Moderate risk contribute to profitability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	9	45.0	45.0	45.0
	Undecided	8	40.0	40.0	85.0
	Disagree	2	10.0	10.0	95.0
	Strongly Disagree	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 45% agree that moderate risk contribute to profitability. 40% were unable to decide while 10% disagree and 5% strongly disagree that moderate risk contribute to profitability

Table 4.12 No relationship between risk propensity and profitability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	2	10.0	10.0	10.0
	Agree	6	30.0	30.0	40.0
	Undecided	8	40.0	40.0	80.0
	Disagree	2	10.0	10.0	90.0
	Strongly Disagree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 10% strongly agree and 30% agree that there is no relationship between risk propensity and profitability. 40% were unable to decide while 10% disagree and 10% strongly disagree that there is no relationship between risk propensity and profitability

Table 4.13 Hazard prevention enhance effectiveness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	7	35.0	35.0	35.0
	Agree	4	20.0	20.0	55.0
	Undecided	4	20.0	20.0	75.0
	Disagree	4	20.0	20.0	95.0
	Strongly Disagree	1	5.0	5.0	100.0

	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 35% strongly agree and 20% agree that Hazard prevention enhance effectiveness. 20% were unable to decide while 20% disagree and 5% strongly agree that Hazard prevention enhance effectiveness.

Table 4.14 No relationship between hazard prevention and effectiveness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	1	5.0	5.0	5.0
	Agree	7	35.0	35.0	40.0
	Undecided	5	25.0	25.0	65.0
	Disagree	3	15.0	15.0	80.0
	Strongly Disagree	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 5% strongly agree and 35% agree that there no relationship between hazard prevention and effectiveness. 25% were unable to decide while 15% disagree and 20% strongly disagree that there is no relationship between hazard prevention and effectiveness

Table 4.15 There is relationship between effectiveness and hazard prevention in small business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	20.0	20.0	20.0
	Agree	9	45.0	45.0	65.0
	Undecided	7	35.0	35.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 20% strongly agree and 45% agree that that there is relationship between effectiveness and hazard prevention in small business while 35% were unable to decide.

Table 4.16 Hazard prevention has effect on effectiveness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	5	25.0	25.0	25.0
	Agree	6	30.0	30.0	55.0
	Undecided	5	25.0	25.0	80.0
	Disagree	3	15.0	15.0	95.0
	Strongly Disagree	1	5.0	5.0	100.0

	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 25% strongly agree and 30% agree that hazard prevention has effect on effectiveness. 25% were unable to decide while 15% disagree and 5% strongly disagree that hazard prevention has effect on effectiveness.

Table 4.17 Risk reduction does not affect efficiency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	20.0	20.0	20.0
	Agree	4	20.0	20.0	40.0
	Undecided	6	30.0	30.0	70.0
	Disagree	4	20.0	20.0	90.0
	Strongly Disagree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 20% strongly agree and 20% agree that risk reduction does not affect efficiency. 30% were unable to decide while 20% disagree and 10% strongly disagree that risk reduction does not affect efficiency

Table 4.18 There is relationship between risk reduction and efficiency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	20.0	20.0	20.0
	Agree	7	35.0	35.0	55.0
	Undecided	8	40.0	40.0	95.0
	Disagree	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 20% strongly agree and 35% agree that there is relationship between risk reduction and efficiency. 40% were unable to decide while 5% disagree that there is relationship between risk reduction and efficiency

Table 4.19 Risk reduction affect efficiency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	2	10.0	10.0	10.0
	Agree	5	25.0	25.0	35.0
	Undecided	8	40.0	40.0	75.0
	Disagree	2	10.0	10.0	85.0
	Strongly Disagree	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 10% strongly agree and 25% agree that risk reduction affect efficiency. 40% were unable to decide while 10% disagree and 15% strongly disagree that risk reduction affect efficiency.

Table 4.20 Efficiency has no impact on risk reduction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	2	10.0	10.0	10.0
	Agree	4	20.0	20.0	30.0
	Undecided	8	40.0	40.0	70.0
	Disagree	5	25.0	25.0	95.0
	Strongly Disagree	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Field Survey, 2025

The table above shows that 10% strongly agree and 20% agree that efficiency has no impact on risk reduction. 40% were unable to decide while 25% disagree and 5% strongly disagree that efficiency has no impact on risk reduction

TEST OF HYPOTHESES

Restatement of Hypotheses

Ho There is no relationship between uncertainty and customer satisfaction

Ho Risk propensity has no effect on profitability

Ho There is no relationship between hazard prevention and effectiveness

Ho Risk reduction does not affect efficiency

Hypotheses 1 – There is no significant relationship between uncertainty and customer satisfaction

Correlations

		Customer satisfaction	uncertainty
Customer satisfaction	Pearson Correlation	1	.814**
	Sig. (2-tailed)		.000
	N	20	20
Uncertainty	Pearson Correlation	.814**	1
	Sig. (2-tailed)	.000	
	N	20	20

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation of Results and Decision

The table shows the Pearson correlation for customer satisfaction and uncertainty to be 0.814(81.4%). This implies that there is a high level of relationship between customer satisfaction and uncertainty. The above correlation table shows that at a 0.01 level of significance, r = 0.0001(2-tailed test). This implies that there is significant relationship between customer satisfaction and uncertainty. Therefore we reject the null hypotheses and embrace the alternate.

Hypotheses 2 – Risk propensity has no effect on profitability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664[a]	.441	.410	1.84112

a. Predictors: (Constant), risk propensity

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	48.185	1	48.185	14.215	.001[b]
	Residual	61.015	18	3.390		
	Total	109.200	19			

a. Dependent Variable: profitability

b. Predictors: (Constant), risk propensity

Interpretation of Results and Decision

The result from the model summary table above shows the extent to which risk propensity affects profitability to be 44.1% (R square 0.441). This implies that risk propensity has weak effect on profitability. The Anova table shows the Fcal as 14.215 at 0.001level of significance. This implies that risk propensity has significant effect on profitability. Therefore we reject the null hypotheses and embrace the alternate hypotheses.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.413	1.589		1.519	.146
	Risk propensity	.728	.193	.664	3.770	.001

a. Dependent Variable: profitability

The coefficient table above shows a simple model that expresses how risk propensity affects profitability. The model shows the constant and B which is the value of coefficient. Values from the table above for every 100% increase in profitability, risk propensity 72.8%.

Hypotheses 3 – There is no relationship between hazard prevention and effectiveness

Correlations

		Hazard prevention	effectiveness
Hazard prevention	Pearson Correlation	1	.884**
	Sig. (2-tailed)		.000
	N	20	20
Effectiveness	Pearson Correlation	.884**	1
	Sig. (2-tailed)	.000	
	N	20	20

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation of Results and Decision

The table shows the Pearson correlation for Hazard prevention and effectiveness to be 0.884(88.4%). This implies that there is a high level of relationship between Hazard prevention and effectiveness. The above correlation table shows that at a 0.01 level of significance, r = 0.0001(2-tailed test). This implies that there is significant relationship between Hazard prevention and effectiveness. Therefore we reject the null hypotheses and embrace the alternate.

Hypothesis 4 – Risk reduction does not affect efficiency

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.285[a]	.081	.030	2.20445

a. Predictors: (Constant), risk reduction

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.727	1	7.727	1.590	.223[b]
	Residual	87.473	18	4.860		
	Total	95.200	19			

a. Dependent Variable: efficiency

b. Predictors: (Constant), risk reduction

Interpretation of Results and Decision

The result from the model summary table above shows the extent to which risk reduction affects organization efficiency to be 8.1% (R square 0.081). This implies that risk reduction has weak effect on organization efficiency. The Anova table shows the Fcal as 1.590 at 0.223 level of significance. This implies that risk reduction does not have significant effect on profitability. Therefore we embrace the null hypotheses.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	6.023	1.795		3.355	.004
	Risk reduction	.288	.229	.285	1.261	.223

a. Dependent Variable: efficiency

The coefficient table above shows a simple model that expresses how risk reduction affects organization efficiency. The model shows the constant and B which is the value of coefficient. Values from the table above for every 100% increase in organization efficiency, risk reduction contributed 28.8% (0.288).

4.5 Discussion of Results

This study examines the impact of risk management on small scale business performance (A case study of Royals Eatery, Ilorin). Four hypotheses were postulated and the results derived shows that there is significant relationship between customer satisfaction and uncertainty, risk propensity has significant effect on profitability, there is significant relationship between Hazard prevention and effectiveness and risk reduction does not have significant effect on profitability.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter of this research gives an overview of the whole research works as this starts with the summary of the work from the first chapter to the last chapter, the findings that are to be looked at from the theoretical and the empirical point of view, the conclusion of the research work, recommendations that were proffered by the researcher as a way by which more research will have a benchmark or point of reference after this research work as to what is expected from them, suggestion were also made for further studies.

The purpose of this study is to examine the impact of risk management on small scale business performance. In the course of this research work, hypotheses were proposed and tested using correlation, coefficient and Anova.

5.1 SUMMARY OF FINDING

This research work started with the background of this research topic which was explained to the best of the ability of the researcher. The research problem was stated in which problem were stated in the area of Risk management on small scale business performance in Royals Eatery located at Ilorin, kwara state. The objective of the study was drawn from the statement of the research problem and was to ascertain whether Risk management has impact on small scale business performance.

In other for this study to be given full details, it was restricted to some specific variables which are uncertainty, effectiveness, efficiency and risk reduction. The researcher laid emphasis on these variables in literature review and in the questionnaire administered.

Theoretical Findings

This deals with various theories of risk management which are stakeholder's theory on risk management.

(Smith and stulz 1985) explain in this theory

This theory explains a possible mismatch of interest between shareholders, management and debt holders due to asymmetries in earning distribution, which can result in the film taking too much risk or not engaging in positive net value project. (Mayers and smith, 1987) consequently, Agency theory implies that defined hedging policies can have important influence on film value (Fite and Pfleiderer, 1995)

Empirical Findings

1. There is no significant relationship between uncertainty and customer satisfaction. Findings from the analysis carried out which shows that most of the respondent are employee of Tantalizer eatery and in relation to hypothesis 1 which use correlation, it explain that there is high level of relationship between customer satisfaction and uncertainty.

2. Risk propensity has no effect on profitability. The hypothesis 2 which use Anova, it explain that risk propensity has weak effect on profitability.

3. There is no relationship between hazard prevention and effectiveness. The research findings shows that there is a high level of relationship between hazard prevention and effectiveness therefore we reject the null hypothesis and embrace the alternative.

4. Risk reduction does not affect efficiency. The result from the model summary shows the extent to which risk reduction affect organization efficiency.

5.2 CONCLUSION

The study has examined the impact of risk management on small scale business performance using Royals eatery, Ilorin as a case study. Several and critical observation has been made from findings of the study. It is important to point out that risk management is a business tools and a part of effective management and effective planning process. The aim is to achieve best practice in controlling all risk to which business is exposed.

5.3 RECOMMENDATION

- It was recommended therefore that every management should invest on risk management in order to enhance customer satisfaction, increase profitability and prevent hazard.
- The study also recommended that Royals Eatery should put in place cost-effective measures for timely risk identification and effective risk mitigation so as to ensure that their financial performance is not impacted negatively.
- In addition, risk management frameworks such as the Enterprise Risk Management which conform to international best practice, should be put in place.
- Furthermore, policy makers in the state should put up more stringent policies for SMEs to better manage their risks.

DE-LIMITATION

All research work are said to been limited to a particular area or boundaries, this study is limited to a Royals eatery in Ilorin which was with 20 respondents and minimal response from the top management which was only few people that constitute it. Lastly, time and financial constraint limited further research on the topic.

SUGGESTION FOR FURTHER RESEARCH

Further research on this topic should be channeled into the area of other smaller organization with larger employees from the global world which would be favorable and economically relevant.

References

Aduko, J., (2011). General insurance, a tool for managing business risks: A case study of SMEs in the Tamale Metropolis. Masters Dissertation: Kwame Nkrumah University of science and Technology, Ghana. Retrieved July 15 2014, from http://www.lib.umi.com.

Afolabi, T.S., (2018). Effect of Claims Payments on Profitability in the Nigerian Insurance Industry. Advances in Social Sciences Research Journal, 5(4), 94-101.

Akabueze, B. (2002). Prospectus on Nigeria SMEs under the Small and Medium Industries Investment Scheme (SMIEIS). Accessed August 14, 2009 from www.nigeriabusinessinfor.com/nigerian-smes2000.htm .

Ariyo, D. (2008). Small Firms are the Backbone of the Nigerian Economy. Retrieved online from http:/www.africaeconomyanalysis.org, August 24, 2012.

Aruwa, S.A.S. (2004). Financing Options for Small and Medium-Scale Enterprises in Nigeria. The Nigerian Journal of Accounting and Research, Department of Accounting, Ahmadu Bello University, Zaria, 1(2),

Azende, T. (2012). Risk Management and Insurance of Small and Medium Scale Enterprises (SMEs) in Nigeria. International Journal of Finance and Accounting, 1(1), 8-17.

Boniface, U. and Ibe, I. G. (2012). Enterprise Risk Management and Performance of Nigeria's Brewery Industry. Developing Country Studies, 2(10), 60–67.

Casualty Actuarial Society: (CAS) (2003). Overview of Enterprise Risk Management. Retrieved on July 13, from http:/www.casact.org/research.

Cook, P. and Nixson, F. (2001). Finance and Small and Medium Sized Enterprise Development. Finance and Development research Programme Working Paper, 14.

D'arcy, S. P. and Brogan, J.C. (2001). Enterprise Risk Management. Journal of Risk Management of Korea, 12, 2-4.

Douglas, H. (2009). The Failure of Risk Management: Why it's Broken and How to Fix it. John Wiley.

Eze, O. R. and Okoye, V. (2013). Analysis of Insurance Practices and Economic Growth in Nigeria: Using Cointegration test and Error Correction Model. Global Advanced Research Journal of Management and Business Studies. 2(1), 063-070.

Henschel, T. (2009). Risk Management Practices of SMEs: Evaluating and Implementing Effective Risk Management Systems. Berlin: Enrich SchmitVerlag GMBH& Co.
Hoffman, M. A. (2009). Interest in Enterprise Risk Management is Growing. Business Ins., 43, 14-16.

Inang, E. E. and Ukpong, G.E. (2002). A Review of Small-Scale Enterprises Credit Delivery Strategies in Nigeria. Economic and Financial Review. CBN, 30(4).

Kpelai, T. (2009). Entrepreneurship Development in Nigeria, Makurdi: Aboki Publishers.
Mambula, C. (2002). Perceptions of SME Growth Constraints in Nigeria. Journal of Small Business Management, 40 (1), 58-65.

Nowduri, S. (2012). Framework for Sustainability Entrepreneurship for Small and Medium Enterprises (SMEs) in An Emerging Economy. World Journal of Management, 4, 51-66.

Ohanga, M. (2005). Bank Lending Practices to Small and Medium Sized Enterprises. Retrieved November11,2009fromhttp://www.med.govt.nz/templates/MultipageDocumentPage_971

Panigrahi, A.K. (2012). Risk management in Micro, Small and Medium Enterprises (MSMEs) in India: A Critical Appraisal. Asia Pacific Journal of Marketing & Management Review, 1(4).

Smit, Y. and Watkins, J.A. (2012). A literature Review of Small and Medium Enterprises (SME) Risk Management Practices in South Africa. Africa Journal of Business Management, 6,6324-6330.

Spedding, L. and Rose, A. (2008). Business Risk Management Handbook: A sustainable approach. Burlington USA: CIMA Publishing.

Suh, J.D., (2010). Risks and Opportunities Facing SMEs in the Post-crisis Era. APEC SMEs Training Workshop, Taipei, Korea May 24th – 28th, May.

Tajudeen, O. Y. and Francis, S. D. (2013). SMEs, Business Risks and Sustainability in Nigeria. European Journal of Business and Social Sciences, 2(9), 76-94.

Vaughan, E., and Vaughan, T. (2001). Essentials of Risk Management and Insurance. USA, New York: John Willey and Sons.

Watt, J. (2007). Strategic Risk Management for Small Businesses. In Reuvid, J. (Ed.), Managing Business Risk 2nd Edition- a practical guide to protecting your businesses. London-Phila