**An assessment of the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health**

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## DECLARATION

I, **Nosizwe Lavisa**, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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Nosizwe C Lavisa

Signed at …………………Beacon Bay…………………………

On the ……10………… day of …………February………2023

## DEDICATION

I dedicate my Masters in Business Administration to my late grandfather Mr T. Njiyela. Thank you for instilling the importance of education to me, I appreciate the routine you instilled in me, by waking me up in the early hours of the morning to study and revise for my academic studies. The routine has indeed benefited me in my entire academic life.

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## ABSTRACT

The Eastern Cape Department of Health (ECDoH) is an organisation that has been dealing with several challenges such as litigation, maladministration and irregular expenditure. All these challenges can be averted through effective implementation of risk management. This study assesses the issues that affect the effectiveness of the RMC at ECDoH. It assesses the functional risk management processes being monitored by the RMC, issues affecting the effectiveness of the RMC and measures that can be taken to improve the effectiveness of RMC at ECDoH.

To achieve these objectives of this research investigation, the study used the qualitative research methodology to collect data with semi-structured interviews. The study selected participants for the study using purposive sampling to choose information rich participants that are part of the RMC. The study used thematic analysis to analyse the collected data. The findings of this study indicated that the functional processes of risk management are identification; analysis; evaluation and ranking; treating; monitoring and mitigation of risks. However, the study also found that not all RMC members were fully aware of the functional processes of risk management. The study also noted that the issues that affect the effectiveness of RMC include lack of knowledge on the importance of risk management, clarity on roles and responsibilities, lack of skills and competences, frequency of meetings, independence of the RMC, lack of commitment and poor adoption of technology in risk management. Based on these findings, the study recommends the use of orientation and training to help improve knowledge and skills among the RMC members. Furthermore, the study recommends the improvement of communication and increase of capacity to improve the RMC’s ability to operate effectively. The study also recommends the adoption of risk management related technology to aid RMC at ECDoH.

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ECDoH- Eastern Cape Department of Health

RMC- Risk Management Committee

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# CHAPTER ONE INTRODUCTION AND BACKGROUND

## 1.1 **Introduction and Background of the Study**

Risk is about the effect of uncertainty on what is supposed to be achieved (Oehmen, Locatelli, Wied & Willumsen, 2020; Ashby, 2022:34). Risks may result in harm or damage as well as benefits or desired outcomes. In order to avoid harm or damage and obtain benefits, there is need for risk management. In this regard risk management in an organisation can be defined as all activities that utilised to handle risk such as avoidance, mitigation, adaptation as well as sharing which usually encompass a trade-off between costs and benefits of risk minimisation and selection of level of tolerable risk (Cox, 2022:11).

Joel and Vyas-Doorgapersad (2019) also underscore that risk management encompasses planning, resources, organising and controlling to reduce the impact of possible risks to a manageable level. Simply put, Meyer and Reniers (2022:4) argue that risk management is about avoiding losses. Against this backdrop, risk management was brought into the South African public sector to be an instrument that assists an accounting officer to make sure that there is effectiveness, efficiency, transparency and cost-efficiency in the utilisation of resources in public institutions (Joel & Vyas-Doorgapersad, 2019).

The Department of Women, Youth and Persons with Disabilities (DWYPD) (2021) and Manyathi, Burger and Mortimer (2021) state that risk management in government departments involves the monitoring and the response thereafter to potential and actual risk that a department is exposed to. As such the role of the risk management unit is to help the department in the identification, analysis, prioritisation of risks as well as to suggest risk mitigation actions for managing the risk to safeguard the interests of the department and enhance the department's performance (DWYPD, 2021). Therefore, risk management is not just essential but imperative in the performance of a public sector institution to be able to effectively and efficiently provide service delivery without wasteful, irregular and fruitless expenditure. Public entities that experience wasteful, irregular and fruitless expenditure are failing to effectively implement risk management.

Risk management enables an organisation to channel resources towards value-creation rather than value destruction. Ashby (2022:89) states that an organisation must be able to between risks that are able to result in outcomes that produce value-creation such as profits, improved service delivery, good reputation rather than those can destroy value. Mulyono and Wahyun (2020) also assert that effective risk management is vital in developing a culture of risk awareness which results in a positive risk culture. More so, effective application of risk management helps to improve governance, delivery service and compliance. Myeza, Nkhi and Maroun (2021) and Ashby (2022:89) argue that efficient governance and compliance demands managements of risks especially operational ones such as fraud, corruption, behaviour related risks, health and safety among others. Jaber (2020) and Mashayekhi, Jalali and Rezaee (2021) also underscore that risk management can assist an organisation to minimise unanticipated and costly emergencies as well as allocate resources more effectively and efficiently.

Risk management also assists organisations to improve their communication which usually translates to better organisational performance through highlighting the possible threats that are capable to hindering goal attainment (Jaber, 2020). Therefore, the effective implementation of risk management is very essential in the overall performance of any organisation.

Risk management is not a mere concept which is applied in the same manner in every institution, each institution has to develop its own framework consisting of various processes and activities which require regular reporting. In the South African public sector, the National Treasury indicates that the guidelines for establishing a risk management framework are set by the National Treasury's Risk Management Framework. According to Dippenaar and Bezuidenhout (2019), the National Treasury suggests that in order to effectively develop a risk management plan that will be used in a public sector department, there is need to consider the methods stipulated in ISO 31000:2008 and the King Code of Governance of South Africa. These methods are implemented in five main phases which are:

I. Risk identification;

ii. Risk assessment evaluation;

iii. Risk response;

iv. Reporting and communication; and

v. Risk monitoring

The effective implementation of risk management is critical in the public sector. Mhelembe and Mafini (2019) assert that public institutions in South Africa operate in an extremely unsteady atmosphere, which is both volatile and flawed, often curtailing the performance of those institutions. The high instability is largely due to unethical behaviour comprising of fraud and corruption costing the South African government huge amounts of money annually due to fruitless and wasteful expenditure (Mhelembe & Mafini, 2019; Motubatse & Ngwakwe, 2020). Therefore, the risk management process has to be effective such that it eradicates the volatility and defectiveness in the public sector. The effectiveness in risk management can only be accomplished through an efficient oversight process which monitors how risk management is implemented.

The governance structure in the South African public sector consists of the Risk Management Committee as well as the Audit and Risk Committee which have a primary responsibility of performing an oversight role over the activities of risk management (DWYPD, 2021).

Therefore, Risk Management Committee can be described as a delegation that is responsible for helping the Accounting Authority or Officer in dealing with oversight obligations of risk management as well as evaluating and monitoring an organisation’s performance pertaining risk management (Institute of Directors in Southern Africa [IDOSA], 2019). IODSA (2019) also highlights that the Risk Management Committee membership has to incorporate both management and external stakeholders that have appropriate attributes, skills and competencies.

The appointed members of the Risk Management Committee must have an intimate comprehension of the department’s mandate and functions; the ability to carry out duties independently and objectively in the department’s interest; and comprehensive knowledge of risk management principles as well as their application (Nel, 2019). Therefore, the Risk Management Committee is established on the premise of making sure the public institutions are able to uphold their mandate and operations by properly applying risk management principles. In essence, the success and failure to implement risk management in public sector departments is guided and monitored by the Risk Management Committee. The presence of Risk Management Committees must imply that public institution experience high level of risk management implementation and high stability in an operating environment with no fraud, maladministration, mismanagement, corruption among other unethical conduct which result in fruitless and wasteful expenditure. Jia and Bradbury (2021) argue that Risk Management Committees are known to be the cornerstone of corporate governance instrument for controlling corporate risk. However, even though risk management is now a permanent aspect of the South African public sector, departments in the public sector are struggling to eliminate volatility and defectiveness caused by unethical conduct.

The Eastern Cape Department of Health (ECDOH) is one department that has been experiencing extreme instability. Ellis (2021a) and Mangwanya (2022) reported that the ECDOH is facing extreme fiscal challenges which has resulted in recruitment of hospital personnel being stopped. Ellis (2021a) also underscores that irregular expenditure is at the centre of the challenges faced by the ECDOH as auditor general’s report indicated that R2.05 billion was mismanaged through irregular expenditure. Dayimani (2021) also posits of the big challenge that ECDOH is facing with regards to legal cases being filed against the department.

According to Dayimani (2021), the ECDOH is being sued for medical negligence by various lawyers for an amount of R3.1 billion with the claims expected to rise to R4.4 billion. The Member of the Executive Council (MEC) for the ECDOH, Nomakhosazana Meth, bemoaned the manual system that is being used by the department as the area of weakness that is being used by lawyers to exploit the public institution (Dayimani, 2021).

The cases being faced by the ECDOH raise concern on the effectiveness of risk management at the department. Effective risk management is supposed to stop or minimise the type of challenges that are being faced by department because risk management is premised on averting possible threat or harm to an organisation. The oversight body in the form of the Risk Management Committee is supposed to be making sure that risk management is being implemented efficiently to avert the serious complications that are being faced by the ECDOH. It is in the context of this background, that questions are raised on the effectiveness of the Risk Management Committee at the ECDOH.

## 1.2 **Problem Statement**

The ECDOH has been facing concerning challenges of litigation, liquidity, maladministration, irregular expenditure among others. Ellis (2021b) postulates that the Eastern Cape MEC for Finance, Mlungisi Mvoko stated that the ECDOH paid close to R1 billion in compensation for negligence at government hospitals in the previous financial year as the amount of claims against the department increases.

MEC Mvoko also highlighted that the ECDOH had already utilised 10 percent of its budget for the 2021/2022 financial year in the first quarter and was still having an arrear of R4 billion in unpaid bills (Ellis, 2021b). Additionally, the Free Market Foundation (2021) indicated that the Eastern Cape Province has the highest annual health expenditure, at R4 619 per person throughout the country. Even though the ECDOH has the highest annual health expenditure, it has the highest medical malpractice liability nationwide (Free Market Foundation, 2021). There is a severely unstable operational environment at the ECDOH manifesting through malpractices, mismanagement and litigations which shows that risk management application is not being done efficiently. All these challenges can be averted through effective implementation of risk management.

Despite having Risk Management Committees that have an oversight role to ensure effective implementation of risk management, many public institutions are struggling with the effective implementation of risk management. Dippenaar and Bezuidenhout (2019) posit that public sector institutions are still struggling with risk management because they lack several components in their risk management frameworks. Joel and Vyas-Doorgapersad (2019) also add that risk management is not being effectively implemented, managed or coordinated in the public sector by the appropriate anti-corruption bodies within the departments where they are present. Additionally, the awareness level pertaining the application of risk management as a regular management instrument together with the levels of institutionalisation in the code of conduct are disappointingly low in some public sector departments (Joel & Vyas-Doorgapersad, 2019). The Risk Management Committees are supposed to be making sure that there is effective implementation, management and coordination of risk management. The Department of National Treasury (2018:4) pointed out that risk management committees are not producing the anticipated value in the performance of government institutions.

Several reasons are responsible for the failure of the risk management committees to produce the expected value. Some of the reasons include the lack of certainty concerning the optimal risk committee structure and its organisational fit, lack of capacity of the members and chairpersons (Department of National Treasury, 2018). In order to understand the factors that are affecting each Risk Management Committee to perform their oversight duty effectively, there is need to carry out research so as to gather empirical evidence that provides insight into the issues affecting its effectiveness. Therefore, it is against this background that this study is going to assess the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health.

## 1.3 **Research Aim and Objectives**

The main aim of this research is to carry out an assessment on the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health.

The main objectives of this study are:

- To understand the functional risk management processes being monitored by the Risk Management Committee at the Eastern Cape Department of Health.

- To determine the issues affecting the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health.
- To find out what can be done to improve the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health.

### 1.4 **Significance of the Study**

The findings of this study will provide information which will enhance literature and knowledge regarding the effectiveness of the Risk Management Committee in the public sector. The study is focusing on an area that has limited studies which implies that the study's empirical findings are going to help reduce the knowledge gap regarding the role and effectiveness of the Risk Management Committee at the ECDOH. The information that will be obtained through this research will provide new knowledge or insights about the subject under investigation. The study will also help to set a foundation for other studies to be conducted based on what will be discovered from this study.

The research might assist policy makers to develop better policies regarding the Risk Management Committee at the ECDOH. The existing policies can be reviewed and improved such that they enhance effectiveness of the Risk Management Committee at the ECDOH resulting in minimised litigations, malpractices and mismanagement of funds. The policy makers may use the findings of this study to make pragmatic reviews of how best to position the personnel within the Risk Management Committee, currently and in future.

The study will contribute to the South African community as well as the Eastern Cape community by offering insightful information regarding Risk Management Committee functions, challenges and existing complications in operational procedures particularly at the ECDOH. Additionally, the community might use the findings of this study to make informed decisions regarding how best to assist or correct the issues that are affecting the effectiveness of the Risk Management Committee at the ECDOH.

The information that will be provided by the research will be based on the experiences of individuals that are involved in the affairs of the Risk Management

Committee at the ECDOH. Such information can be used to help the community understand different aspects that might be making the individuals involved to operate ineffectively. The community might be able to assist the Risk Management Committee to have more power to act on issues that might affecting them such as political interference.

**1.6 Ethical consideration**

The research is going to observe the ethical guidelines that are mainly observed when carrying out research. McLeod (2022:78) underscore that ethics in research is about considering or observing what is expected with regards to what is wrong and right, taking into account what the researcher has to do when they are conducting research. Therefore, in light of this assertion this research will observe the following key ethical considerations:

The researcher is going to obtain ethical clearance from the university's ethical clearance board. The researcher is going to all the stipulations that outlined by the university's ethical clearance board.

The researcher is also going to ensure that there is voluntary participation. Voluntary participation will entail permitting research participants to liberally participate in the study without coercion (Flick, 2020:34). To ensure voluntary participation, the researcher will tell the participants during the recruitment to be part of the study that they are not obliged to participate in the study. The researcher will also tell the participants that they can withdraw their participation when they are unable to continue with participation.

The researcher is going to observe the informed consent ethical consideration. Informed consent is about asking for permission from the participants before they participate in the study (Leedy & Ormrod, 2021:46). Informed consent will be sought from all participants by making sure that the process of data collection is explained in simple words to the participants and have them sign the informed consent form.

Anonymity is also another ethical consideration that will be observed in this study. Anonymity is concerned with the concealing or not revealing the identity of the participants (McLeod, 2022:19). The researcher will make sure that all participants are aware that their identity will remain anonymous. Leedy and Ormrod (2021:49) mention that any research involving participants must respect their right to privacy by ensuring anonymity. To ensure the anonymity and privacy of the participants, the researcher will make use of pseudonyms when presenting the research findings.

This study is also going to observe confidentiality as one of the ethical considerations. Confidentiality is about making sure that the information revealed by the participants remains private and does not implicate any of the participants (Flick, 2020:67). All participants that will participate in the research will be assured that the information collected will be treated with confidentiality. Lune and Berg (2017:89) posit that confidentiality encompasses getting rid of research records or any elements that might be used to link the collected information to the participants. Therefore, to uphold confidentiality, the researcher is not going to ask for the participants' personal details. The information collected will not have tags linking to the participants or any identifying elements. The data will be securely kept in a locked computer and discarded when the research is completed.

The researcher will also follow the ethical consideration of protection from harm. Protection from harm entails not injuring or damaging the participants in any physical, social or emotional manner (Merriam & Grenier, 2019:51). The researcher will make sure that there is no harm on the participants. The researcher will ensure that no harm will occur during data collection as the researcher will use guidelines stipulated such voluntary participation which allow withdrawal from the participation at any point, informed consent and anonymity. Furthermore, the researcher will adhere to the Coronavirus Disease 2019 (Covid-19) regulations such as maintaining social distance, wearing a mask and sanitising. The data collection will be conducted at the participants' premises which will be a generally safe environment, and at no stage will their lives be placed at any risk.

### 1.7 Research Limitation

This research is going to focus mainly of the effectiveness of the risk management committee at ECDOH not covering other institutions that are not within the scope of the study. Therefore, this study is only going to assess the effectiveness of the risk management committee at one institution within the public sector. This research will be carried out within a defined geographical context which implies that it might not apply to all public sector institutions in other countries. In this regard, the findings of this study should be understood within the context of the challenges being experienced by a particular public institution.

### 1.8 Organisation of the Study

**Chapter one:** This is an introductory chapter. It contains an introduction and background of the study. The subject matter of risk management is introduced. It also explains how risk management is critical in the performance of the public institutions and role of the Risk Management Committee. This section of the study also discusses the problem statement which highlights the challenges faced by ECDOH. It also outlines the research objectives, research questions and significance of the study.

**Chapter two:** This chapter will review literature that assesses the application of risk management in different parts of the globe, region and nation. This part of the study will highlight the legislation that guide the risk management in the South African public sector. This section of the study will also discuss the role and importance of the Risk Management Committee. This part of the study will also review literature on the different challenges faced by the ECDOH.

**Chapter three:** This chapter will explain the research design. The chapter will also explain the research approach. The chapter highlights the study population and sampling procedure. The chapter will provide insight into the research method that will be used to collect data in this study. The chapter will explain the data analysis procedure that will be used in this study. Lastly, the chapter discusses the ethical guidelines that are going to be followed by the researcher in this study.

**Chapter four:** This chapter will present, analyse and interpret the data which will be collected during fieldwork. The chapter is also going to provide insights into the issues that are central to this study link the empirical findings to the main objectives of the study.

**Chapter five:** The final chapter will focus on a summary of the study’s findings, conclusions, recommendations, areas of further research and conclusion of the study. The chapter will provide a final sum up of the study.

# CHAPTER TWO LITERATURE REVIEW

## 2.1 Introduction

The previous chapter focused on the introduction and background of this study and the main research problem. The chapter also outlined the main research questions which will be used inform the literature review on risk management and risk management committee. This chapter provides a review of literature with focus on theories, definitions, components of risk management and risk management committee.

## 2.2 Risk Management Theories

Risk management is part of every organisation throughout the globe. It is always analysed using different theoretical framework. Some of the prominent theories that have been used to analyse risk management include: stakeholder theory, stewardship theory, resource dependency theory and agency theory.

### 2.2.1 Stakeholder theory

The stakeholder theory is centered on the stakeholders that are significant to any organisation. Goyal (2020) argues that the stakeholder theory is centred on the rounded approach of managing an organisation that recognises the role of stakeholders and the organisation's fiduciary responsibility towards the stakeholders. In essence, the relationship between stakeholders and the organisation has to promote the interests of both parties, the stakeholders and the organisation, not just serving the interests of the organisation. Additionally, according to the stakeholder theory, every organisation has a group of stakeholders which may include the general public, government agencies and investors (Sityata, Botha & Dubihlela, 2021). All these people or entities that have a stake or some connection to the organisation are considered in the strategic management and the organisation is operated with the intention of creating value for the consumers, suppliers, personnel, owners and local communities (Freeman, Phillips & Sisodia, 2020). Ghazieh and Chebana (2021) highlight that the stakeholder theory focuses on the stakeholders' interests and preferences more than that of shareholders in turn widening the scope of the manager's responsibility.

Evidently, the stakeholder theory aims to explain the relationship between an organisation and those that not directly involved in the day-to-day operations of the organisation. Highly likely that some of the stakeholders may not fully understand the different aspects that management have to deal with in their operations such minimising risks or maximising on opportunities which might involve risk taking. These complexities and dynamism are part of what led to the emergency of the stakeholder theory. Langrafe et al. (2020) mention that the stakeholder theory which emerged in the 1980s brought an understanding into the growing complexity and dynamism of the atmosphere in which organisation operate in every day. The organisation has a duty of managing relations with stakeholders by making sure that the stakeholders get to informed and involved in issues that affect them. The stakeholders will always want accountability and avoidance of any form of risk. De Villiers and Dimes (2022) mention that the presence of stakeholders puts pressure on management to report on risk. Valentinov (2022) also accentuate the emergence of the stakeholder theory was deemed necessary because organisation are no longer being managed for profits and shareholder wealth maximisation they now have to operate in a volatile environment with risks. Therefore, involvement of stakeholders helps the management to deal with those risks. The theory does not place emphasis on the priority that is given to the performance of organisation over the interests of the stakeholders.

### 2.2.2 Stewardship theory

The stewardship theory is premised on the assertion that every organisation's success with regards to performance is impossible when there is non-commitment from the management (steward) towards accomplishing such an objective (Masanja, 2022). De Villiers and Dimes (2022) purport that according to the stewardship theory, management can be trusted with the organisation's resource as they act in the best interest of the organisation. Managers as steward seek to fulfil their contractual obligation which is to act in the manner that promotes optimal performance by the organisation. Therefore, according to this stewardship theory, managers are regarded as non-opportunistic agents who are good managers (Donaldson & Davis, 1991). In this regard, managers can be trusted to deal with issues that may affect the organization such as risk.

The stewardship theory postulates that the managers are concerned about their reputation and the development of their career compelling them to act in the shareholders' interest; consequently, agency cost will be reduced (Kyere & Ausloos, 2021). The managers are focused on making sure that the organization achieves its goals so that maintain a good reputation as well as improving their relationship with the owner or principal figures. Bjurstrom (2020) purports that stewardship theory presumes that agencies behave as trustworthy stewards resulting in the principal–steward relationship which has high goal correspondence and develops into high-trust relationship. The stewardship theory fundamentally focuses on how the interests of both the management and owners is maintained to benefit the organisation. The stewardship theory suggests that there is no conflict of interest between directors and shareholders, if there is any conflict that has to be overcome with mechanisms such as financial inducements (Castrillon, 2021). The theory also recognises the need for a board or committee that acts prioritising the interests of shareholders. Masanja (2022) states that the oversight role and management support to the RMC is underpinned by the stewardship theory. The stewardship theory does not however put much emphasise on the other stakeholders such as customers and suppliers.

### 2.2.3 Resource dependency theory

The resource dependency theory is premised on the assertion that organisations are able to stay operational by managing the flow of resources as well as effectively managing their dependence on resources from external providers (Greenwood & Tao, 2021). The assumption of the theory is that the organisation depends on how the managers are able to handle the resources the organisation has as well as those that provided by external sources in whatever form. The resource dependency theory suggests that organisations exist and get to be successful because they are interdependent with the environment in which they operate (Castrillon, 2021). In essence, to ensure their survival, organisations rely on the resources and information provided by other organisations and the agents of the environment in which they operate (Castrillon, 2021). In those situations, organisations still have competition from other organisations that utilise similar scarce resources. The resource dependency theory postulates that efficient committees are not supposed to just monitor managers, but have to also promote managerial resourcefulness, getting network benefits to stakeholders of the organisation (De Villiers & Dimes, 2021). In resource optimisation, boards such RMC play a significant role as the principal linkage mechanism that assist an organisation to access important resources, connect with its outside environment and overcome adverse risks (Lu & Herremans, 2019). Salem, Ayadi and Hussainey (2019) purport that from the standpoint of resource dependence theory, the committees such as RMC are able to offer strategic directions and influence managerial decisions because the committee members possess proficiency, respect as well as contacts.

Greenwood and Tao (2021) point out that the resource dependency theory postulates that organisations are obliged to comply with the requirements of principal resource providers and concurrently seek ways in which to minimise dependence and preserve managerial autonomy. The theory highlights the need for the organisation to report to the primary funders on the operations and use of financial resources. The ability of the management to minimise and deal with adverse risks is also important because that is how the organisation is able to be optimally utilise resources.

### 2.2.4 Agency theory

The agency theory can be traced to the work on agency relationships which was conceptualised in the seminal writing by Jensen and Meckling (1976) which purported that a contract exists between one or more people (the principal) who employ other people (the agent) to carry out some task on their behalf and tasking the agent with decision-making (Mashavira, 2021). Since the agent is tasked with decision-making, it implies that the agent plays a critical role in the decisions that affect the organisation on daily basis. Masanja (2022) mention the agent is in charge of the daily operations on behalf of the principal. However, the organisations and the principal need a force that monitors and oversees the decision-making by the agent so as to ensure optimal performance. The formation of committees helps to safeguard the interests of the principal. The RMC as a committee acts in the interest of the principal making sure that the agent is able to manage risks in a manner that does not affect organisation's performance.

Agency theory advances that directors (for example, a government agency) can act opportunistically, which can undermine the interests of political principals (for example, a ministry) (Bjurstrom, 2020). In such cases, there is need for an organ that monitors and to some extent control the directors in order to minimise different kinds of risks. The RMC becomes the organ that oversees and monitors the agent on behalf of the principle. To et al. (2021) mention that under the agency theory, many non-executive officials on a certain committee are usually anticipated to be efficient in offering oversight on the performance of the organisation as well as regulating managerial opportunism. Even though the agent has control and access to the operations and information, their interests are not always aligned with that of the principal. Notably in the case of the South African public sector high cases of maladministration, corruption, fraud and wasteful expenditure depict a contradiction in interests between the agent (management in government department) and principal (state or public). The incompatibility in interests between the agent and principal if not managed properly might result in losses or inefficiencies in productivity when an agent acts in the best interest of the principal and the organisation, the required productivity is usually achieved with optimal risk management.

The RMC is tasked with responsibility of oversight on risk management as it is implemented by the agent. Agency theory assumes that executives are self-regarding, therefore, they require to be monitored and controlled to make sure that they can meet the interests of the shareholders (Jensen & Meckling 1976; Ghazieh & Chebana, 2021). Ahmed (2019) underscores that the agency theory underpins the efficiency and effectiveness in the monitoring of the RMC as recommended in the code of governance. Bjurstrom (2020) asserts that the Agency theory assumes that agencies behave as opportunistic agents resulting in the principal-agent relationship having a low goal correspondence and running the risk of developing into a low-trust relationship. The RMC is supposed to play a bridging gap helping to regulating unproductive or risky act by agencies which might affect the interests of the principal and the organisation. The committee not only act in providing an oversight role, monitoring and guiding on performance, corporate strategy and risk, but also provides network connections as well as resources to organisations (De Villiers & Dimes, 2021). In essence, the theory allows the role played by organs such as RMC to oversee, monitor and contribute towards risk management.

### 2.2.5 The theory underpinning the study

The agency theory can be applied to this kind of study because of its extensive applicability in various situation. The Agency theory is mainly about the existing relationship between an agent mainly the managers and executive of the organisation employed to run the organisation; and principal mainly the shareholders or owners of an organisation. Then the theory emphasises on how the principal is always focused on maintaining control and monitoring the decision of the agent through various means including the use of the RMC. De Villiers and Dimes (2021) state that organisations with stronger governance through efficient committees like RMC are likely to have better performance than organisations that have weaker governance which are associated with high adverse risks. Therefore, the agency theory can be used to examine the effectiveness of the RMC at ECDOH.

## 2.3 The Conceptualisation of Risk Management

Risk management involves dealing with uncertainty and risk. There are lot of uncertainties and risks that are experienced by all organisations which makes important to deal with uncertainty and risk. Organisations have to survive in a volatile environment which has several risks and uncertainty. Risks and uncertainty influence the performance and success of organisation (Al Qubtan et al., 2021). Therefore, before conceptualising risk management there is need to outline the concepts of uncertainty and risks.

### 2.3.1 Defining uncertainty

Uncertainty can be defined as the absence of certainty or something that is unknown (Megh, 2020). Uncertainty is experienced when there is no clarity or when there is vagueness in a situation or event. Uncertainty occurs when there are numerous probable outcomes, at times some or all of the outcomes might not be known, and the possibilities of these outcomes may not be quantifiable (Stewart, 2020). It implies that there is a circumstance where there are different options leading to a certain outcome, however, the probability of it happening is not certain (Megh, 2020). Uncertainty produces a situation where no one is able to precisely predict what is going to happen. Jedynak and Bak (2021) state that uncertainty is usually equated with activities that are characterised by unpredictability and the most frequently anticipated results are commonly negative outcomes. The uncertainty that is experienced by an organisation is likely to affect its operations, outcomes and employees. A state of uncertainty can occur where there is transparency concerning what is unknown but probability distributions will also be unknown (Oehmen et al., 2020). Dealing with uncertainty is mostly crucial when the probability of the outcomes has a potential to negatively affect the organisation. Uncertainty is usually handled by merging data with assumptions, and different assumptions can lead to wildly different predictions (Stewart, 2020). The organisation has to be able avoid that potential negative outcome. The uncertainty of outcomes is a risk (Shahzad et al., 2022). Therefore, uncertainties experienced in organisations are accompanied by risks.

### 2.3.2 Defining risk

Risk and uncertainty are interlinked, however, uncertainty is extensive while the risk is encompassed in uncertainty (Al Qubtan et al., 2021). Jedynak and Bak (2021:19) posit that risk can be described as the possibility that the results of a certain process will not reach the expectations of the organisation. In other words, risk is about the uncertain activities that can potentially damage an organisation and its operations. Further, risk can also be explained as the probability of failure to accomplish the planned objective or experiencing losses (Jedy & Bak, 2021:19). Shahzad et al. (2022) advance that in today's work environment management of risk is one of the primary issues that is at the fore for every organisation. Syreyshchikova, Pimenov, Mikolajczyk and Moldovan (2020) underscore that risk identification occurs during risk management and it is about identifying the risks and recording them as well as their characteristics. This phase of risk management process entails identification of the risk source which implies there will be an understanding of the circumstances or proceedings that might be having a negative effect on the organisation's activities (Syreyshchikova et al., 2020).

#### 2.3.2.1 Types of risks

There are different types of risks that can be experienced by an organisation. The main types of risks which are pertinent to risk management are financial, operational, strategic, compliance and regulatory risks.

Strategic risk consists of the internal and external activities that might make it problematic, or even impossible, for an organisation to accomplish their targets and strategic goals. Jaber (2020) states that strategic risk is largely linked to the goal and direction of the organisation, its vision as well as its mission. Resultantly, there is consideration of strategic risks when an organisation changes its work policies, procedures or equipment to enhance the efficiency and effectiveness of the organization, thereby increasing productivity (Jaber, 2020). These kind of changes can result in higher levels of productivity. In light of this probability, Luis et al. (2021) purport that strategic risk assessments allow managers to analysis the tolerance for, and impacts of, identified risks. Luis et al. (2021) also assert that scenario planning is important in the assessment of strategic as it allows risk managers to take into consideration the risk landscape, scrutinise how risks develop in the future as well as identifying the likely impacts of critical risks and thereby appropriate responses. Son (2022) found that effective management of strategic risks has positive impact on the performance of the organisation.

Compliance principally focusses on legal and regulatory obligations (Bognar & Benedek, 2021). Therefore, compliance and regulatory risk focuses on the risks that might arise due to the introduction of new rules or legislation. Kusserow (2020) states that compliance is about the organisation being able to prevent, detect and correct wrongdoing connected to the failure to adhere to regulatory requirements or internal protocols. In this regard, there is a comprehensive risk management responsibility for compliance, as there is need to identify and mitigate regulatory risks to the organisation (Kusserow, 2020). Regulators that oversee risk management generally demand strict formal compliance to avert compliance risks (Bischof et al., 2022). Regulatory risks are evaluated based on the possible penalty and the probability of falling (Bognar & Benedek, 2021). There is a reasonably straightforward risk level above which compliance regulators veto the risky decision or product under assessment (Bognar & Benedek, 2021). On the one hand, the rules, regulations and legislation amendments that guide the organisation's operations have to be monitored. The duties, risks, and responsibilities connected to the particular legislation or amendment must be well-defined (Bognar & Benedek, 2021). Failure to comply and deal with these risks will lead to costs for noncompliance which may result in severe regulatory actions such as damage to reputation, penalties and fines (Kusserow, 2020). Compliance risk encompasses primarily two main aspects, which are non-compliance penalties and reputational risk (Bognar & Benedek, 2021).

Financial risk is one of the risks that is faced by every organisation. These risks can consist of risks caused by interest rate fluctuations, liquidity, pricing, funding, loans, non-paying clients, among others (Al Qubtan et al., 2021). Bamata, Govender and Fields (2019) highlight that financial risks are caused by mismanagement that stems from miscalculation of activities, flawed judgment as well as lack of effective financial control. Al Qubtan et al. (2021) also add that financial risks are experienced as a result of inadequate substantial financial resources, economic instabilities, poor support from government institutions, poor management practices and poor line of credit from financial institutions.

Operational risk is also common in many organisations. Operational risks emanate from day to day work within the organisation (Jaber 2020). Al Qubtan et al. (2021) purport that operations risk include in-house activities involving products, people, services and other external elements. Gamble, Clinton and Diaz-Moriana (2021) postulate that operational risks arise from aspects within the organisation which may include product development, efficiency, human resources, reward systems, supply chain management, organizational capacity, product and service failure, business cycles, empowerment of workers, transformation management, information technology facets such as relevance and availability, investment assessments, information on budgeting, planning and accounting, among other aspects. Basically operational risks take into consideration occurrences such as the breakdown of certain equipment, strikes by personnel, theft of essential equipment, among others. Operational risks are also associated with risks or mistakes made by people which result in operations failure (Al Qubtan et al., 2021). Al Qubtan et al. (2021) posit that operational risk encompasses errors by human beings which range from unmotivated workforce, inadequate skill set among employees, disturbed environment, and errors in communication to usage of unsafe equipment. Gamble et al. (2021) state that when dealing with operational risk, risk management is mainly focused on around-the-clock activities which include awareness, identification, evaluation, and growth of risk administration systems, judgment establishment of applicable means, implementation, and supervision after application. This approach means that all individuals involved in the organisation’s operations have to participate in identifying and mitigating risks (Gamble et al., 2021).

Shahzad et al. (2022) argue that risk can only be minimised using different instruments and procedures, however, it cannot fully eliminated from an organisation. Meyer, Walter and Seuring (2021) mention that the most important elements when it comes to risk are probability, uncertainty, effect of losses, speed as well as frequency. Some risks that will are difficult to see and handle. Therefore, Sityata, Botha and Dubihlela (2021) argue that risks have to be

### 2.3.3 Risk Management

Management of risk is about the manner in which risks within an organisation handled. Risk management is about the methodical approach which assists an organisation to set up the most effective course of activities during uncertainty by identifying, analysing, comprehending, acting on, and communicating risk concerns (Lamine et al., 2020). To deal with challenges or potential challenges that are facing an organisation there is need to assess the risks by noting them, scrutinise, understand and communicate the issues that the organisation is facing. The risk that are experienced by each organisation at different times have to be handled differently in a manner that does not result in any losses or disruption of activities within the organisation. Additionally, risk management is a strategy that is useful to management when dealing with difficult and turbulent situations at a time when the comfort of planning an organisation's activities is considerably disrupted (Jedynak & Bąk, 2021:1). Basically, risk management is about mitigating risk.

Shahzad et al. (2022) underscore that risk management encompasses the identification of risk as well as evaluating the risk and procedures to deal with the risk utilising appropriate internal controls. Risk has to be identified, analysed, understood and communicated so that appropriate measures can be taken to deal with any kind of risk. Caraiman and Mates (2020) stress that risk management must focus on the impact of the risk. Due to the fact that risks have to be managed, there has been development of risk management approaches and frameworks over the years which provide a standardized approach to the management of risk (Sityata et al., 2021).

Risk management is a necessity. Essentially, risk management is supposed to be engrained from the first line employee to the highest personnel in the organisation (Jaber, 2020). If an organisation does not implement risk management efficiently, it can experience damages, heavy losses and persistent disruptions. In several big organisations, risk management practices are developed progressively and reflect the observed risks and regulatory necessities of the organisation's various functions, regions, and transactions (Schaffer & Storek, 2022). Risk management is usually characterised by various actors, processes as well as interfaces (Schaffer & Storek, 2022).

Caraiman and Mates (2020) underscore risk management is essential because both in the organisation as well as in the environment in which it operates, there are uncertainties in the nature of threats in attaining objectives, or the nature of opportunities. Risk management ensures that managers are able to make informed decisions regarding the acceptance or treatment of risks, and the eradication of the consequences of key activities or the occurrence of hazardous activities (Jaber, 2020). Odubuasi, Ofor and Ilechukwu (2022) suggest the four fundamental objectives of risk management are dealing with strategy, operation, reporting and compliance.

### 2.4 Risk Management Framework

Shahzad et al. (2022) mention there is always a need to adopt a comprehensive risk management framework to ensure the survival of the organisation in a dynamic work environment. Al Qubtan et al. (2021) assert that the frameworks that frequently employed by different organisations are the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Risk Management Framework, the NIST Risk Management Framework, the Security Risk Management Discipline (SRMD), the ISO 31000 series, and the Operationally Critical Threat, Asset and Vulnerability Evaluation (OCTAVE).

One of the important frameworks that is adopted by organisations to help with compliance of risk management measures is the COSO risk management framework. The COSO framework which was developed in 1992 which later superseded by the COSO 2004 framework which was replaced by COSO 2013 framework which was eventually advanced to COSO 2017 risk management framework. Udeh (2020) states that the COSO framework has ability to enhance the identification of material faults in an organisation’s internal control system. Figure 2.1 below provides a summary of the COSO risk management framework.

**Figure 2.1: COSO's Risk Management Framework**


*Source: Society of Corporate Compliance and Ethics & Health Care Compliance Association (2020)*

The COSO risk management framework raises important roles and responsibilities. These roles and responsibility determine the functional processes and effectiveness of risk management within an organisation. These provisions enable the study to assess the first research objective and question which is focused on functional risk management processes being monitored by the Risk Management Committee at the Eastern Cape Department of Health. The five main components that contribute to functional risk management processes raised by the COSO risk management framework are governance and culture; strategy and objective-setting; performance; review and revision; and information, communication and reporting.

## 2.5 Roles and Responsibilities of Risk Management

The Society of Corporate Compliance and Ethics & Health Care Compliance Association (SCCE & HCCA) (2020) provide a breakdown on the roles and responsibilities of those involved in risk management within an organisation. Various discussions on the components that help with the functional risk management have been outlined by organisations and scholars such as SCCE & HCCA (2020); Kanu (2020); OECD (2021). Taking from the discussions, the study outlines the five main components which help with risk management.

### 2.5.1 Governance and culture

Governance and culture are mainly for exercising of board risk oversight, establishment of operating structures, defining desired culture, demonstrating commitment to the fundamental values and attracting, developing and retaining capable individuals (Graham et al., 2022). There should be an assigned board that ensures that they perform oversight role and responsible for the design and operation of the program. The members of the board have to knowledgeable about the operations of the organisation and the risk management program being implemented.

In the establishment of operating structures has to be led by individuals that are senior to allow effective tone and the role of culture in promoting effective risk management (Marano & Grima, 2022). The operating structures involve getting buy-in from everyone at the organisation, that is, managers, employees as well as contractors. Defining the desired culture mainly focuses on the embedding the risk management culture which include risk awareness, ethical values maintenance, desired conduct and comprehension of risk. Demonstrating commitment to fundamental values considers the commitment to compliance to risk management conduct (Pfajfar et al., 2022). The entire management must show commitment and the commitment must cascade throughout the organisation. The attracting, developing and retaining of capable individuals involves hiring personnel that complies with the operations of the organisation. Individuals that are able to follow protocol and ethical helps in the management of risk.

### 2.5.2 Strategy and objective-setting

This phase of the risk management involves implementing strategy and objective setting. The primary focus is analysing the business context; risk appetite; aligning the risk appetite to the performance strategy of the organisation (Dhlamini, 2022). The management is supposed to have a defined strategy for organisation's performance which will help in gauging the level of risk that the organisation will take in pursuing organisational goals and mission. The risk capacity will also be linked to the strategy. As the strategy is being implemented it is important that the management review and approve the risk plan. There should be risk assessment as that will provide management capacity for risk mitigation where necessary.

### 2.5.3 Performance

The performance component mainly focuses on identification of risk, assessing the severity of risk, prioritising risk, implementing responses to risk and developing portfolio view. The organisation has to identify risk factors instantly and find out the origins of the risk factors so as to be able to come up with a concrete solution at a reduced cost at a given period (Settembre-Blundo et al., 2021). The identification of risk is one of the most challenging tasks because risks emanate from different sources such laws and regulations which encompass intellectual property rights, licensing requirements, obligations to local sales tax, environmental standards, fraud, privacy among others. To ensure compliance the management has to track all the different risks across the organisation. Then there is need to assess the severity of the risk which focuses on the likelihood and impact of the risk. The potential of the risk occurring and potential damage. The damage will vary from legal, reputation, financial, operational, health and safety as well as capacity to pursue strategic goals (Marker, 2021). The organisation is supposed to prioritise risks. A risk register has to be compiled when the risks are identified and known. The people that tasked with the risk management are supposed to known or identify the potential risks that might be affecting the organisation severely (Srinivas, 2019). When an organisation has identified the risks, the organisation has to gather resources and prioritise dealing with the risks. There is need to assess which risks have to be dealt with first. Usually organisations have limited resources, therefore, it is important for the organisation to decide which risk should be prioritised. The organisation is supposed to implement risk responses which can differ depending on the risks (Johnson, 2020). The response measures involve internal controls and they can be detective or preventive in nature as well as joined where necessary. The management has to develop a portfolio view. This step is about decision analysis. The costs are analysed. It also includes analysing risk interactions and consequences of the mitigation. There is need for regular meetings to deal with the risks.

### 2.5.2 Review and revision

This stage of review and revisions in risk management is about the reviewing, evaluating and monitoring the risk management program. The stage consists of assessment of significant changes, reviewing risk and performance and pursuing improvement in risk management (Woods, 2022). At this stage, the risks have been prioritised together with their connected course of action, the organisation is able to reflect on their risk management process to examine its effectiveness as well as if the risk landscape has changed, determine what kind of improvements are necessary.  There is need to review the potential drivers that may help with risk management. There is also the application of the Three Line Model when necessary. The three-line model will incorporate the risk management body which will lead and direct the actions of dealing with risks (Bantleon et al., 2021). The other line will include risk management experts, support personnel and monitoring team. These will help to provide expertise and monitoring. The third line will be internal audit. This group of personnel will help with the maintenance of accountability to the governing body.

### 2.5.5 Information, communication and reporting

This final component in the risk management involves leveraging information and technology, communicating risk information and reporting risk, performance and culture (Marker, 2021). This information is shared across the organisation by both external as well as internal sources. There will be need within the organisation to make sure that all employees have access to information relevant to management of risk (Woods, 2022). The organisation has to make use of information technology and data analytic skills. The data analytics are supposed to be utilised for monitoring and auditing the implementation of internal control or risk response measure (Marker, 2021). The organisation has to ensure there is an automated dashboard for reports regarding compliance. The employees have to get the information with regards to their role in risk management. Reporting has to be periodical to ensure protocols have been understood and necessary measures are being taken. The risk communications within the organisation must ensure that those that need support and related training are able to get it.

### 2.6 Benefits of Risk Management

The benefits of risk management are varied. This study reviewed some of the benefits of risk management which are explained below.

#### 2.6.1 Financial benefits

Risk management also helps the organisation to get financial benefits, minimise costs and avoid losses. Shahzad et al. (2022) posit that the efficient implementation of risk management does not merely reduce the influence of risk on organisation's operations but also helps to create numerous financial benefits. Sharing the same assertion, Saeidi et al. (2021) mentions that risk management benefits organisations financially and increases shareholder value by minimising earning and stock price oscillation, reducing external capital costs, and rising capital efficacy. Organisations are able to avoided financial losses as well as gain financial value when they effectively apply risk management.

#### 2.6.2 Resource optimization benefits

The implementation of risk management can result in resource optimization. Purwanto, Jusuf and Fitria (2021) argue that implementation of risk management in an organisation is essential in optimizing the utilisation of organisation's resources through restructuring the operating mechanisms allowing transparency and accountability. Jia and Bradbury (2020) also underscore that efficient risk management assists organisations elude bankruptcy and improves processes for decision making and resource allocation. Additionally, implementing an efficient risk management plan will ensure the better outcome of the project in terms of cost and time.

### 2.6.3 Improved Reporting

Risk management promotes the use of standardized reporting within an organisation. When risk analysis is carried out, it provides a single point projection of specific risks which are communicated to all employees utilising an efficient method of reporting (Luis et al., 2021). Risk management endorses better structure, reporting, and analysis of risks. Systematic reports that follow the trail of enterprise risks can improve the concentration of directors and executives by supplying data that makes it possible for better risk mitigation decisions (SCCE & HCCA, 2020). The abundance of data variation such as status of important risk indicators, mitigation strategies, new and developing risks assists management to understand the most key risk sections (Shahzad et al., 2022). Therefore, when reports are made they are able to assist directors to develop a better comprehension of issues such as risk appetite, risk thresholds and risk tolerance. The report will permit the directors to work on clear communicating which risks need to be prioritised and resourced to be used. The standardized reports present a platform for the top leadership to be able to improve their reporting especially on issues affecting the organisation.

### 2.6.4 Performance benefits

The use of risk management helps with improving the performance of the organisation. Saeidi et al. (2021) mention that application of risk management by an organisation can create value and improve the organisation’s performance. Jaber (2020) remarks that managers can advance their organisation's performance by transmitting a risk management culture within an organisation. Du Plessis and Linke (2022) highlight that risk management is a practice that is being used by organisations to enhance organisational performance as well as oversight so as to have competitive advantage on other organisations. Malik, Shafie and Ku Ismail (2021) purport that organisations can increase their value through the efficiency of risk management. The risk-reporting process is guided by regulators who make sure disclosure of risk in an organisation's financial statements (Nahar & Azim, 2022). Risk management permits the organisation to recognize challenges or potential challenges that might affect the organisation and its processes. These challenges might be hidden within the systems or functioning process of the organisation. By implementing risk management, the management of the organisation is able to know more about the challenges that the organisation has to deal with, thereby allowing the utilization of the best possible strategies to address the problem. Dealing with the challenges faced by the organisation results in better performance by the organisation.

### 2.6.5 Risk focused culture

Risk management helps an organisation to prepare for the worst. Risk management provides several methods and options which can be utilised by administrators to deal with a potential challenge thereby choosing an option that is less likely to fail (Jaber, 2020). Al Qubtan et al. (2021) argue that management of risks is useful in safeguarding the resources and other assets of the organisation. Additionally, risk management offers the organisation an opportunity to find out about extreme weaknesses within the organisation. Al Qubtan et al. (2021) state that risk analysis provides information on the direction of extreme weaknesses being faced by an organisation revealing where they emanating from. The use of risk management can also prevent maladministration activities such corruption. Purwanto et al. (2021) purport that risk management can thwart the occurrence of all kinds of wrongdoings, non-compliance, wastefulness and irregular expenditure that can affect the organisation’s finances.

## 2.7 Factors that Affect Implementation of Risk Management

The review of literature on factors that usually affect the implementation of risk management is very critical. The second objective of this study focused on determine the issues affecting the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health. Therefore, this section reviews literature on some of the factors that affect the implementation of risk management.

Resources are a factor that affect risk management. Sityata et al. (2021) purport that the application of risk management varies from organisation to organisation because it demands resources as well as time. Some organisations might not effectively apply risk management to their full extent because they do not have the resources (Sityata et al., 2021).

Lack of formal risk management procedures is another factor that affects the implementation of risk management. Every organisation is faced with some form of risk because of internal and external factors outside the control of the organisation. Lack of formal risk management procedures has a negative impact on organisational resources which might cause the organisation to perform poorly (Shahzad et al., 2022). Du Plessis and Linke (2022) also adds that lack of formal risk management methods within organisation is largely pinned and assumed high cost of implementation and lack of direct, measurable benefits, the deficiency of skilled and knowledgeable personnel in risk management, as well as divergent regulatory provisions. Risk management processes are not as formalised or as prominent as they are supposed to be as such many organisations do not exhibit confidence towards their risk management activities, and majority do not exploit the gains that a more structured and strategic approach to risk management is capable of providing (Du Plessis & Linke, 2022).

Schaffer and Storek (2022) assert that since the roles and duties of the players in risk management are usually not adequately spelt out and aligned, risk identification and analysis procedures tend to exist in parallel or are even repeated, interfaces are usually not plainly defined, as well as having an integrative standpoint, the "big picture" of risk management, can be missing.

Controllers usually evaluate the risks and opportunities of an organisation during the internal planning process (Jedynak & Bak, 2021). On the hand, risk managers assess similar risks for external risk reporting - probably with dissimilar results (Schaffer & Storek, 2022). This kind of lack of alignment affects efficiency and effectiveness. It sets a breeding foundation for internal politics and an atmosphere where risk-related knowledge is not distributed to all members in the organisation and hampers organisational learning (Schaffer & Storek, 2022).

Some organisations conceal and do not prioritise risk management. Some managers do not disclose the risks that are being faced by the organisation. The concealing of risks faced by organisation are usually done to ensure that potential partners or investors are not dissuaded from engaging with the organisation. Schaffer and Storek (2022) argue that some organisation may not disclose about risks because they just do not have adequate resources for effective implementation of risk management. Additionally, some organisations are now used to risk managers and other service providers (such as quality officers, controllers or compliance officers) handling the identification, evaluation and mitigation of risks (Schaffer & Storek, 2022). Therefore, risk management is typically viewed as a downstream procedure that reactively deals with the risks generated by past decisions.

## 2.8 Risk Management Committee

Malik et al. (2021) state that several organisations at the board level have begun to establish stand-alone Risk Management Committees (RMC). Bensaid, Bin Ishak and Binti Mustapa (2021) argue that RMC has developed into one of the most important organ in the contemporary organisations' era. The RMC has a primary duty of making sure that there is effective and efficient monitoring of risk management functions and the implementation of risk management policies aimed at dealing with all forms of risks. RMCs are deemed to be an essential governance instrument used for analysis of the organisation's risk, establish a risk strategy as well as monitoring management's performance in line with the risk strategy (Jia & Bradbury, 2020). RMC perform an essential role in reduction of operational risks and improve the organisation's performance by making sure that management eludes risky projects and invests in cost-effective ones (Bensaid et al., 2021). Bensaid et al. (2021) also underline that launching an independent RMC can improve the efficiency of the risk-assessment process and minimise financial risks such as financial crime prevention

A RMC is launched with primary aim of focusing on what an organisation is doing to improve and sustain optimal performance. Malik et al. (2021) underscore that RMC has a primary responsibility to manage, monitor, as well as reduce the frequency of risks in organisations. Malik et al. (2021) posit that the governance arrangement such as creating separate RMCs has been able to increase the reliability of financial statements. Malik et al. (2021) state that the creation of RMC in an organisation strengthens the organisation risk oversight by stopping managers from taking extreme risks that might result in losses as well as lower the organisation’s value. Additionally, RMCs are designed to ensure they prevent an organisation’s collapse. Jia and Bradbury (2020) assert that in reacting to risk concerns over organisational collapse most organisations resort to having a RMC board that plays a role of risk oversight.

The RMC has primary responsibility of performing an advisory role pertaining to matters of risk management within an organisation. RMC help in choosing the investment opportunities and enhancing resource allocation effectiveness (Jia & Bradbury, 2020). Additionally, Odubuasi et al. (2022) postulate that the RMC performs an advisory role based on oversight responsibilities which include overseeing financial reporting, regulatory compliance and internal control.

Jia and Bradbury (2020) contend that a RMC must be of adequate size and independent, and its members between them must have the required technical expertise and an adequate comprehension of the industry in which the organisation operates, to be able to carry out the committee’s responsibilities successfully. Malik et al. (2021) highlight that it is difficult to identify officials who are well-equipped with RMC skills. RMC members need particular abilities and expertise that are not commonly held by most individuals who are members of RMC (Malik et al., 2021). RMC members require to possess more know-how and expertise, particularly with broader risk experience.

## 2.9 Factors Affecting the Risk Management Committee

There are factors that help or impede the effectiveness and efficiency of the RMC. Some of the factors are discussed in this section.

### 2.9.1 Board Independence

The independence of the RMC is important for effective oversight and monitoring role. Masanja (2022) contends that the risk management committee is supposed to operate as independently as possible so that it can assist the management of an organisation to maintain an effective risk management system. In the same vein, Ahmed (2019) states that the independence of the RMC members minimize risk through performing fair oversight and monitoring on all activities in the organisation leading to decrease in financial losses. The independence of RMC chairman as well as RMC human capital are linked with enhanced accounting performance, improved growth prospects, lower financial distress probability and lesser market risk (Jia & Bradbury, 2020). Ahmed (2019) posit that the presence of huge number of non-executive directors being part of the board is considered as a positive indication of the of the board's independence from management

### 2.9.2 Meeting Frequency

The other factor that affects the efficiency of RMC is the frequency of meetings. When the meetings are not enough it might affect the outcomes of risk management implementation. On the other hand, Odubuasi et al. (2022) found that increased frequency of meetings makes cause the risk management committee to be counterproductive. Therefore, it is important for risk management committees to have minimal meetings which should not exceed an average of 4 times, otherwise there will low value generated by risk management committee meetings.

### 2.9.3 Size

One factor that influences the performance of the risk management committee is the size of the committee. Malik et al. (2021) argue that the RMC size might either negatively or positively affect an organisation's performance. Odubuasi et al. (2022) found that organisations that have risk management committee size above the industry average of 4, are more likely to have more quality input/contribution by the risk management committee resulting in better performance by the organisation. The authors recommended that a minimum of 6 members should make up a risk management committee. However, Masanja (2022) offers a different perspective regarding the size of risk management committee. Masanja (2022) argues that a risk management committee must consist of two at least three but not exceeding five members. The reasoning behind having at least three members is to expand the probability of having a proper assortment of expertise and proficiencies considered essential while the maximum of five member's targets to minimize large groups' factions.

### 2.9.4 Composition and gender diversity

The composition of the board is very significant. The composition focuses into the members that form part of the RMC. Attributes such as composition, expertise, gender variation, size and the frequency of meetings which are found in a RMC determine the efficiency and effectiveness in the implementation of risk management as well as creation and administration of the risk policies that help reduce risk exposure within an organization (Odubuasi et al., 2022). Jia and Bradbury (2020) postulate that the composition of a RMC is considered to be a major factor in determining its efficiency. Kakanda, Salim and Chandren (2018) stress that the composition and frequency meeting of the RMC had a significant positive impact on the performance of an organisation. Additionally, the gender composition plays a significant role in the efficiency of the RMC. Malik, Zaman and Buckby (2020) found that the inclusion of women in RMC has a positive impact on the performance of organisation. Malik et al. (2021) assert that with regards to risk-related decision making, female directors tend to be more disinclined towards risk taking than male counterparts.

### 2.9.5 Expertise

RMCs have or are supposed to have expertise in risk analysis and risk management, which creates value through identifying risks as well as inhibiting extreme risk-taking (Jia & Bradbury, 2020). Odubuasi et al. (2022) state that those responsible for forming a risk management committee must select individuals that are knowledgeable about risk management. Additionally, the individuals that form part of the risk management committee must have expertise in accounting. Masanja (2022) also adds that besides operating independently, the risk management committee is supposed to consist of individuals with diverse skills or expertise as well as experience considered to be necessary for the fundamental implementation of risk management particular oversight procedures. Masanja (2022) further asserts that a risk management committee ought to consist of least one individual who is a financial expert and the other remaining members have to be financially literate as well as having other relevant competences such as risk management corporate governance, law or industry specific risk management.

## 2.10 Improving Risk Management in an Organisation

Improving the implementation of risk management can be beneficial to an organisation. The review of literature on this issue was in line with the objective of the study which focused on what can be done to improve the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health.

Improving communication can help improve the implementation of risk management. Improving of communication entails sharing information efficiently and effectively. Shahzad et al. (2022) purport that effective implementation of risk management is only achieved if information about a risk is shared within the organisation on a timely basis. Shahzad et al. (2022) also suggest that the sharing information about a risk is done using formal, direct methods and methodology, on a regular basis to all representatives stating what has to be “the set-in-stone activity” in a particular condition. Masanja (2022) also recommends that to ensure effective implementation of risk management there must be indicative proof that all departments’ workforce within an organisation are at all times provided with a checklist of main risks faced by the organisation and the best way to mitigate the risks together with all applicable regulations, laws, operational measures, ethics and best protocols to observe.

The use of appropriate strategies in the management of risks can improve the implementation and outcomes of risk management. The OECD (2021) suggest using apt strategies as important in positive risk management. Transferring risk is one strategy that can be considered when an organisation is dealing with risks. Transferring risk involves allocating an individual, group or third party to be responsible for the risk. Treating risk might be employed and it entails controlling risk through actions that minimize the probability of the risk occurring or reduce its impact prior to its occurrence. Tolerating risk may also be utilized by an organisation to manage risk and this involve not taking action to mitigate or minimize risk but there will be need to monitor the risk. Terminating risk can be used to manage risk. This strategy entails changing processes or practices to eliminate risk. The proper documenting of risks can improve risk management application and outcomes. SCCE & HCCA (2020) suggest that every form of risk has to be documented thoroughly. By capturing all risks across the organisation, the organisation will get a clear picture of the entire risk exposure, which will help enhance information sharing and accountability. The documenting has to include the people responsible for the different task of identifying the risks as well as appointing the risk owner.

## 2.11 Conclusion

This chapter focused on review of literature. Focusing on the theories that are relevant to risk management the study highlight some of the aspects that are useful in organisations that contribute to high risk or avoidance of risks in organisations. This section of the study indicated that the agency theory will be central to this study. The discussion also outlined the main concepts that are significant in risk management. The COSO framework was discussed as part of the frameworks that are important in risk management. The benefits of risk management in an organisation were also delivered as part of the literature review. The chapter also discussed factors that affect the implementation of risk management. The RMC and the operations that are make up its primary responsibilities were also reviewed in this chapter. Aspects that pertinent to the RMC were outlined in this chapter. The final part of the literature review of the study focused on some measures which can be considered when improving the application of risk management in an organisation. The next chapter is going to focus on the research methodology.

# CHAPTER THREE RESEARCH METHODOLOGY

## 3.1 Introduction

The previous chapter presented literature that was reviewed. This chapter focuses on research methodology of this study. Therefore, the areas of discussion are research strategy, research design, and study population, sampling procedure, sample size, data collection instrument, procedure for data collection, data processing, and analysis.

## 3.2 Research strategy

A research strategy can be described as a general way of carrying out a research expressed in terms of how data is gathered (Kite, Whitley & Wagner, 2022). Research strategy is primarily about methodical steps taken through a plan of action which provides a direction on what the researcher intends to investigate. This research strategy serves to introduce the key elements of the study which include research subject, problem, research design and research methods. The primary research strategies that are common in research are: qualitative research strategy and quantitative research strategy. The fitting research strategy is chosen on the basis of aspects such as study questions, study objectives, the period available for the study, resources available to the researcher and the researcher’s philosophical underpinnings. The two research strategies are usually interlinked. However, the two research strategies have distinctions.

The main difference is that quantitative research strategy utilizes and involves quantifying things whereas qualitative usually emphasizes on use of words in the gathering and analysis of data (Bryman, 2021). The quantitative research strategy is largely regarded as objective as it views reality as external and objective. Ngulube (2021) mentions that in quantitative research aims to be objective in carrying out analysis and obtaining objective research findings making it value-free Quantitative research strategy encompasses utilising a deductive approach to inquiry of relationship between research and theory which primary focus on testing theories. Therefore, quantitative studies are focused on inquiry into a research by testing a hypothesis associated to the variables being investigated. The variables are measured through statistical means producing numerical data (Denscombe, 2021). The data are analysed utilising statistical methods to determine whether the hypothesis are true or false.

The qualitative research strategy focuses on words and visual images as main data (Denscombe, 2021). Accordingly, the qualitative research strategy is regarded to be subjective in nature as it focuses on producing words or visual images based on experiences or perceptions rather than utilising numerical data. Muijs (2022) underscores that qualitative research strategy maintains that there is pre-existing objective reality to be observed. Perception of social reality shifts from one individual to another within a social context. The implication being truth can only be relative and not definitive as argue realists of the quantitative research strategy. Bryman (2021) highlights that in the qualitative research strategy, the primary focus is an inductive approach to the association between research and theory which generates theories. The importance is on how people interpret their social world and not the norms and practices of the natural-scientific approach particularly positivism. The qualitative research strategy builds on individuals' perspectives in order to know the significances and understandings concerning incidents, actions, attitudes or things thus imparting an informational understanding of human experiences.

In this study, the qualitative research strategy will be utilised to make sure that the research questions are addressed adequately. The qualitative research strategy offers insight in great detail into what is happening within a particular social context which include a work environment. Therefore, using a qualitative research instrument, the study will be able to fully understand the issues around the research problem and achieve the research goals.

### 3.3 Research design

This research is about the structure that guides the execution of the study (Flick, 2022). The research design Karamagi (2021) mentions that research designs help in the understanding of the research problem. Houser (2022) underscores that choosing a research design the researcher has to identify the assumptions about the valuable information to be obtained from conducting the research, what purpose of the research will be served by selecting a particular research design and developing a plan to conduct the study based on the chosen research design. Therefore, the primary focus of the researcher was to choose a research design that will help answer the questions that are under investigation. Considering this viewpoint, the research utilised a research design that aligns with qualitative research strategy and able to assist to answer the research questions. Therefore, the case study research design was utilised for this study.

The case study research design is an approach of investigating subjects of the social environment through comprehensive analysis and description of a particular individual situation or case such as a detailed research on a work setting, individual, group, event or episode (O’Leary, 2021). The case study research design permits the researcher to focus on issues under investigation through a comprehensive scrutiny which is necessary to understand what hindering the effectiveness of the risk management committee. Additionally, Wang (2021) points out that a case study cannot be investigated devoid of its physical as well as social context which implies the research design permits the researcher to explore and comprehend manifold problems in a real life environment. Therefore, the case study research design has helped the research get contextual rich information based on the views of the individuals involved in the aspects under investigation.

## 3.4 Target population

The target population consists of potential participants who are the focus of the research (Boswell & Cannon, 2022). The target population in this study are the risk management committees in public institutions. Using the entire population can be impossible due to resource constraints, lack of time, among other things. Therefore, the unit of analysis for this study is the Eastern Cape Department of Health. A subset of the target population is used for the study. The subset that is utilised in the study is called a sample (Tuten, 2020). The sample was selected using sampling technique.

## 3.5 Sampling technique

Sampling can be defined the process of choosing subjects of the population that are going to be included in the study (O′Leary, 2021). Sampling techniques are mainly divided into probability and non-probability sampling. Probability or random sampling mainly utilised in quantitative studies refers to selection process in which all elements or subjects of the available population have an equal chance of getting selected to be part of the study's sample (Houser, 2022). On the other hand, non-probability sampling commonly used in qualitative studies refers to a process of selecting element using a non-random procedure which has an element of preference or choice by the researcher (Denscombe, 2021). Since this study is a qualitative study it has used a non-probability sampling.

The non-probability sampling technique that has been used by this study is purposive sampling. Purposive sampling also known as judgement sampling is a sampling method that entails researcher selecting participants who have knowledge or experience of the issue under assessment and will be provide relevant insightful information (Harvey & Land, 2021). Additionally, Denscombe (2021) mentions that purposive gets the best information from participants by focusing on a small sample size and known attributes of the participants. In this study, purposive sampling are selected participants that are part of the risk management committee as well as those that take part of the risk management committee as invitees. These are the suitable participants that have provided relevant, valuable and insightful information about the subject matter of this research.

### 3.6 Sample size

Sample size is about the number of participants selected to participate in the study as part of the sample (Boswell & Cannon, 2022). Generally, qualitative studies utilise small and non-random samples (Boswell & Cannon, 2022). The study has used a sample size of 15 participants consisting of risk management committee members and invitees. The sample size of risk management committee members that are currently serving and invitees that are currently participating in the risk management committee.

### 3.7 Data collection

Data collection refers to the process of attaining information on aspects of interest in a standard methodical way in order to validate, solve and address a research problem (Srujan, 2021). The collection of data is basically about how the researcher obtains the information they need for this research to achieve the research objectives. This information that is usually obtained by research is categorised as primary data or secondary data. Primary data being data obtained through carrying out some form of fieldwork in the investigation or study (Boswell & Cannon, 2022). The sources of generating primary data include observations, interviews, surveys, experiments, questionnaires, among others. On the other hand, secondary data is data that is collected from other existing sources other than the primary researcher but used by the primary researcher during a study (Srujan, 2021). The sources of secondary data include journals, government publications, books, newspapers, magazines among others. In this study, both primary and secondary data have been useful. The primary data gathering instrument are semi-structured interviews and the secondary data consists mainly of journals and books that were reviewed.

### 3.8 Primary data collection method

Primary data which mainly data from fieldwork provides information that is processed by the researcher (Dubey & Kothari, 2022). The data are presented as the empirical findings of the study which mainly answers the research question. Therefore, the collection method is connected to the research strategy, in this study, the qualitative research strategy. The primary data collection instrument is semi-structured interviews.

There are several merits associated with the use of primary data. Grau (2021) and Young (2021) highlight some of the advantages of primary data which include answering the research question under investigation, known methodology which is reliable, contribution to new knowledge and control and ownership over the research process. There are also demerits of primary data such as it being expensive to obtain compared to secondary data, time consuming and having bias possibilities (Boswell & Cannon, 2022).

### 3.9 Secondary data collection methods

Secondary data is information or data that was already by other people not the researcher. This research can only make reference to the data. Therefore, secondary data is for the understanding of the research problem and research questions (Dubey & Kothari, 2022). The secondary data that was considered in this study is mainly journals and books. The main advantages of secondary data include getting data that is easily accessible since it has been collected already and processed, not expensive, can be integrated and compared to primary data (Wilson, 2022). There are also some disadvantages that are associated with secondary which include the quality and reliability of data being questionable, not answering the research question and source might be outdated (Grau, 2021).

### 3.10 Data collection instrument

The main data source for this study is primary data in the form of interviews. Interviews are fundamentally about verbal exchange between an interviewer, in this research the researcher, and an interviewee, the participant (Flick, 2021).

There are three major forms of interviews in research. Roulston (2021) purports that these three main types of interviews are structured, semi-structured and unstructured. This study has employed semi-structured interviews as the data collection method for this research investigation. The use of semi-structured interviews permits the researcher to obtain information that is rich able to provide in-depth insight into the research problem under investigation. Additionally, Leeds and Ormrod (2014) indicate that semi-structured interviews make use of open ended questions permitting flexibility. However, semi-structured interviews are time consuming and have a possibility of bias (Flick, 2022).

## 3.11 The procedure for data collection

The data collection procedure has entailed a face-to-face verbal exchange with the participants and the researcher. Before conducting the interviews, this study will formulate an interview guide or interview agenda which will consist of the questions the researcher will ask during interviews (Willig, 2022). The researcher has arranged meetings for the interview sessions through a telephone and emails. When there are set dates which are agreed between the researcher and the participants, the researcher visited the participant's work area to conduct the interviews. On arrival the researcher introduced themselves, the study and explained the purpose of the session. The researcher observed all Coronavirus Disease 2019 (Covid-19) protocols such as not using handshakes, sanitizing regularly, wearing a face mask throughout the interviews, maintaining social distance and making sure the room is well ventilated. The researcher explained and asked participants to sign informed consent before an interview session. The interview sessions lasted for approximately 25-30 minutes per session. The researcher requested permission to record and take field notes during the interviews. The researcher mainly asked the questions. The recordings of the interviews were transcribed and stored in safe place.

## 3.12 Data processing and analysis

The data which has been collected has been analysed using thematic analysis. According to Liamputtong (2021), thematic analysis denotes a technique for identifying, interpreting, analysing as well as reporting patterns or themes within the datasets. This method of analysis encourages the categorisation of the data into themes as well as the scrutiny of all the cases in the research to ensure that all the manifestations of each theme have been accounted for and compared (Bryman, 2021).

This study used the six step stage which was suggested by Braun and Clarke (2021). The process of these six major steps entails:

- Dataset familiarisation: focusing on getting to understand the datasets. During the process of transcribing, the researcher will be getting to fully get insight about the participants' views;
- Meticulous and systematic coding procedure: after fully understanding the datasets, the researcher arranged the data in a manner that makes the data make sense and logical by assigning codes;
- Exploring or identifying themes: after assigning codes, the researcher started classifying similar codes into similar grouping thus identifying the possible themes;
- Developing and reviewing of themes: after assigning codes into similar grouping, the researcher is going to review the themes. This step implies the researcher will be emerging narrowing the groupings into major themes that will be used for the discussions;
- Defining themes: the researcher made the theme to be aligned with the research objectives and in a manner that they answer the research questions.
- Completing with a written analytic report: the final step is the writing of the findings chapter which follows this chapter highlighting the major themes. These major themes will be presented with an integration of literature that was reviewed in the previous chapter. The presentation of the themes will be in tandem with the research objectives supported by the verbatim excerpts of the participants to highlight their viewpoints on the research problem.

Thematic analysis for this study has mainly been based on an inductive approach with the themes emerging from the fieldwork findings. The use of thematic analysis for this study because it produces understandable findings which are easy for any reader to understand the research issue which was under investigation. Qualitative studies focus more on contributing towards understanding rather than predicting cause and effect (Santini & Eaton, 2022).

### 3.13 Limitations of the research

One of the limitation of the qualitative research strategy is that it uses small samples which limit generalizability. Therefore, the findings of this study cannot be generalized to all risk management committees in the public sector. However, valuable lessons can be drawn from the findings of this study regarding aspects that affect risk management implementation within a public sector. The use of semi-structured interviews permits the possibilities of bias. The researcher guard against being biased by adhering to the interview questions that were pre-set using an interview guide or interview agenda which meant that the researcher adhered to the agenda. Adhering to the interview guide meant the researcher was asking questions that were covering the main objectives of the study.

### 3.14 Conclusion

The chapter discussed the research methodology that was utilised by this study. This section of the study explained the main areas of how data for this study will be collected and analysed. The chapter first discusses research strategy. The research design is also outlined. The other areas that were discussed is the target population, sampling technique and sample size. Furthermore, the discussion provides into data collection instruments that were used in this study as well as the procedure that was adopted to gather, process and analyse data. The limitations which affected the research are also outlined. The next chapter is going to focus on the presentation, interpretation and analysis of the study's findings.

# CHAPTER 4 DATA PRESENTATION AND ANALYSIS

## 4.1 Introduction

The previous chapter discussed the research methodology used by this study. This chapter will present and analyse data which were collected by the study. The presentation and analysis is done with focus on the main aim of the study which is to assess the effectiveness of the risk management committee at the Eastern Cape Department of Health (ECDoH). The presentation and analysis of data is done thematically in alignment to the main objectives of the study which are to understand the functional risk management processes being monitored by the Risk Management Committee (RMC) at the ECDoH; to determine the issues affecting the effectiveness of the RMC at the ECDoH; and, to find out what can be done to improve the effectiveness of the Risk Management Committee at the Eastern Cape Department of Health.

## 4.2 Demographic Profile of Participants

This section discusses the demographic profile of the research participants that participated in this study. The first section on the semi-structured interview guide (see Annexure A) provide a list of enquiries about the participants' demographic details. The attainment of the participants' demographic information was necessary as provides insight on the nature of participants that were selected for this study and their ability to provide relevant information that allowed the achievement of the study's objectives. The demographic profile also presents insights into variation regarding the composition of the sample which means that the study is able to obtain different perceptions based on different experiences enhancing the trustworthiness of data. The component of age variation depicts that the sample encompasses participants that are eligible to be participate in the study and also have different views based on their age. The aspect of education brings insight on how different educational knowledge is contributing in dealing with issues in the risk management environment. The years of working experience in risk management provides the capacity of participants stating rich-insightful information based on their experience on the subject under investigation. Even though the participants were very busy, the researcher managed to collect enough information until data saturation was reached. The data were collected through semi-structured interviews from 3rd of October 2022 to 18th of January 2023. The table (Table 4.1) below presents a summarised tabulation of the demographic profile of the participants. The primary information being the employment position of the participant, gender, age, highest level of educational qualification and years of experience in the risk management area.

**Table 4.1: Presentation of the Participants' Demographic Information**

| Participant | Position | Gender | Age | Highest Educational Qualification | Years of Experience in Risk Management | Interview Date |
|---|---|---|---|---|---|---|
| **Participant 1** | Chief Director Human Resources | Female | 52 | University Degree | 10 | 03/10/22 |
| **Participant 2** | Transversal Risk Manager | Male | 35 | University Degree | 12 | 08/10/22 |
| **Participant 3** | Chief Financial Officer | Male | 53 | University Degree | 21 | 14/10/22 |
| **Participant 4** | Chief Risk Officer | Male | 61 | Postgraduate Diploma | 25 | 20/10/22 |
| **Participant 5** | Chairperson Risk Management | Male | 71 | University Degree | 45 | 30/10/22 |
| **Participant 6** | Director: Fraud | Male | 60 | University Degree | 22 | 01/11/22 |
| **Participant 7** | Senior Manager Quality Assurance | Female | 56 | Postgraduate University Degree | 15 | 13/11/22 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Participant 8** | Head of Department Health | Female | 51 | Postgraduate University Degree | 18 | 16/11/22 |
| **Participant 9** | Chief Director Pharmaceutical | Male | 45 | University Degree | 8 | 21/11/22 |
| **Participant 10** | Chief Audit Executive | Female | 56 | University Degree | 22 | 28/11/22 |
| **Participant 11** | Director of Strategic Planning | Male | 51 | Postgraduate University Degree | 17 | 02/12/22 |
| **Participant 12** | Chief Director Legal and Ethics | Female | 49 | University Degree | 12 | 03/01/23 |
| **Participant 13** | Accounting Officer | Female | 39 | University Degree | 10 | 12/01/23 |
| **Participant 14** | Chief Director Strategic Risks | Female | 47 | University Degree | 13 | 16/01/23 |
| **Participant 15** | Budget Officer | Male | 41 | University Degree | 6 | 18/01/23 |

*Source: Researcher, 2023*

Table 4.1 provides a summary of the demographic details of the study's sample that was selected to participate in this study. The depiction shows various personnel that participate in risk management meetings as part of a RMC. The composition of the sample according to different features is explained below.

### 4.2.1 Position

The participants that were selected for this study had to have participated or are part of the RMC at the ECDoH. The participants were from units within the department and also hold different position. The sample shows that data collected for this study came from participants who occupy positions of chief director of human resources, transversal risk manager, chief financial officer, chief risk officer, chairperson risk management, director on fraud, senior manager quality assurance, head of department health, chief director pharmaceutical, chief audit executive, director of strategic planning, chief director legal and ethics, accounting officer, chief director strategic risks and budget officer. The inclusion of participants from different units occupying different positions implies that there are varying viewpoints that furnished the data collected for this study. The information rich perspectives based on the positions of participants allowed this research to obtain distinct experience details which affect the effectiveness of the RMC. Each specific participant's highlighted issues based on their expertise tied to their positions.

### 4.2.2 Gender

This study also took into account the gender profile of the participants. The gender representation of participants showed that there were more (8) male than female (7) participants. The higher composition provides a possible reflection on the high composition of men in the RMC. This study included both male and female participants to ensure views from both genders were expressed and analysed in the issues affecting the effectiveness of the RMC at ECDoH. It is significant that the RMC at the ECDoH has considerable number of female participants. Malik et al. (2020) argue that the inclusion of women in RMC has a positive impact on the performance of organisation. Therefore, the gender component in this study allowed the research to understand how different genders viewed all the issues that affect the effectiveness of RMC at ECDoH.

### 4.2.3 Age

This study also collected information about the participants' age. The age of the participants is another important demographic component which adds to the variation of the sample. The differences in age implies that the participants provide different views based on their lived experiences. This reserach had no participants who were in their twenties and below. Only two participants were in their thirties. A few (four) participants were in their forties. A substantial number (six) of participants were in the fifties age group. A small number (two) of participants were in their sixties. Lastly, only a single participant was in their seventies. From the evidence of the collected data, the RMC at ECDoH consists of personnel that is advance in years which implies that there have varied lived experiences which are supposed to be helpful in the effective functioning of the RMC. Taking into consideration that this research employed a qualitative research approach which is mainly premised on experiences and perceptions of participants, the variation in ages of the participants is essential as it offers data that has diverse considerations regarding different experiences of the issue under investigation.

### 4.2.4 Educational qualifications of participants

The educational qualifications of the participants were also considered as a key demographic feature of the participants in this study. This study focused on the highest form of educational qualification that the participants obtained. The information on the participants' educational attainment is useful in understanding their competence and capabilities in performing the role and duties required when participating in a RMC. Majority (eleven) of participants in this study had university degree as their highest form of educational qualification. The other (three) participants had a postgraduate university degree as the highest form of educational qualification. A single participant had a postgraduate diploma as the highest form of educational qualification. The diversity in educational qualifications implies that the participants have different levels of knowledge contribution to the effective functioning of RMC. Importantly for this study, the participants provided insightful information based on their educational knowledge which plays a significant role in the execution of duties and responsibilities.

### 4.2.5 Work experience in risk management

The work experience component was also a significant aspect in the demographic information of the participants. This study focused on working experience in the risk management area because the area of focus in this study was effectiveness in risk management. The assessment was on the number years working in risk management aligned duties and roles. This study found that the participants possess advanced work experience in the risk management area because there is an indication of participants having more than five years working experience. A few (four) participants mentioned that they had between five to ten years of working experience in risk management. A sizeable number (six) of participants mentioned that they had more than ten years but less than twenty years working experience in risk management. There are a few (four) participants that indicated that they have more than twenty years but less than forty years working experience in risk management. Only one participant mentioned that they have forty-five years working experience in risk management. The variation in work experience of participants was vital in eliciting rich insightful data regarding the issues on risk management which have an impact on the effectiveness of the RMC.

### 4.3 Transcription of Data

The research collected data through semi-structured interviews. The researcher conducted all interviews at the premises of the study participants at time slots that were convenient to them. The researcher audio recorded all the interviews through a recording device and also took field notes ensuring all the necessary information was captured. All interviews were saved for later transcription. The recorded audio interviews were transcribed onto a Microsoft Word document being complemented with field notes that were taken during fieldwork to enhance the validity of the data. The validity of the data was also enhanced by replaying the audio interviews several times to ensure that there was full understanding of the participants' views. The researcher then categorized the transcribed raw data into codes that are aligned to the research objectives. The coded data was scrutinized to look for recurring themes from the coded data. The recurrent themes were noted through common words and phrases from the responses that were provided by the participants. The thematic analysis of the collected data in tandem with other academic research is presented in the section below.

## 4.4 Presentation and Analysis of Findings

This section presents an analysis of the study's findings. The discussion mainly focuses on themes that address the study's main objectives based on the responses from semi-structured interviews and integration of literature that was reviewed by this study.

### 4.4.1 Importance of Risk Management

The first question that was asked the participants was about the importance of risk management. The question was asked to find out about the RMC members' understanding of risk management and its importance. Effectiveness is prioritised when there is an understanding of significance. The main theme in this question was the importance of risk management. The responses from the participants indicated that risk management is important it assists in the identification, avoidance and mitigation of risks. The results of this study also reveal that the importance of risk management is to balance or address various concerns, challenges, uncertainty, hazards and reputational issues. Risk management allows the consideration of best possible solutions, evaluation of merits and demerits of processes and programmes to ensure the efficient function of a department or organisation. One of the responses by the participants which highlighted the importance of risk management was by a participant who is chief risk officer, who quipped that:

> *"I think for the years I have in risk management, my take on the importance of risk management is that it helps with identification, avoidance and mitigation of risks. You can talk about the best way to get profits in the private enterprise space but here in our department it is about getting the department to work efficient with minimum avoidance of mistakes, lawsuits, spreading of contagious diseases, ballooning of debt, lack of equipment in healthcare centres, among other things"* (Participant 4).

The in-depth knowledge of the participant who is a chief risk officer shows that some participants are well informed on the importance of risk management. The response above was supported by another response by another participant, a transversal risk manager said that:

> *"Risk management is very important because it is a process whereby the organisation identifies risks that can hamper our organisation from achieving its strategic and operational goals… thereafter after risk are identified the implementation of mitigations can take place to lower or eliminate the risks. So we identify issues that can cause the department to fail to handle any outbreaks (disease) in the province, allocate resources to make sure our clinics and hospitals are well equipped to deal with different challenges, avoid issues of lawsuits, making sure we spend our money wisely as a department"* (Participant 2).

However, there was concern on how some participants responded to the question with a nonspecific response even when probed to reveal more insight. One participant who is an accounting officer mentioned that:

> "*The importance of risk management is about achieving the strategic goals of the department… I think that's all I can say*" (Participant 13).

The lack of further explanation and in-depth details regarding the importance of risk management can be alarming because it can indicate the deficiency in the understanding of the importance of risk management by some members of the RMC. However, the participants pointed out the importance of risk management within ECDoH. The reference to identification of potential disease outbreaks, dealing with the potential disease outbreak, management of debt as to avoid accruement of debt by the department, avoiding lawsuits and ensuring the provision of equipment in the department. Essentially, according to the findings of this study risk management is regarded by the RMC members as a mechanism for identifying, avoiding and mitigating risks. Further, data from this study reveals that risk management helps with sound decision-making with regards to the pros and cons, finding the best solutions to challenges and efficient allocation of resources to achieve the department's goals. These findings resonate with the finding of Jia and Bradbury (2020) who underscore that efficient risk management assists organisations elude bankruptcy and improves processes for decision making and resource allocation.

The theory underpinning this study, the agency theory, mentions that the agent is in charge of the daily operations on behalf of the principal (Masanja, 2022). Therefore, if the agent, the RMC members, are aware of the importance of risk management it enables them to effectively implement and conduct their roles to ensure the effectiveness of risk management at ECDoH. However, equally the lack of knowledge on the importance of risk management has an adverse effect on the ability of the agent to effectively implement risk management at ECDoH. Therefore, it is positive that the study found that some members of RMC understand the importance of risk management within the department.

### 4.4.2 Risk Management process

This research also asked the RMC members about the risk management process involved in risk management. Different organisations have different process for risk management to be implemented efficient and effective. The purpose of asking the question was to get an understanding of the participants' knowledge on the risk management process involved in risk management.  The RMC cannot effectively perform the oversight function without fully knowledge of the processes. The main theme of this question was risk management processes. The responses of the participants revealed that the main process of risk management are identify; analyse; evaluate and rank; treat; and monitor risk. One of the participants that responded to this question remarked that:

> *"The processes are to identify the risk that is hampering the organisation from achieving its strategic and operational goals. Analyse the risk by identifying root causes and consequences of the risk. Evaluate or rank the risk by providing inherent and residual rating of the risk. Treat the*

> *risk through tolerating, terminating, treating and transferring (choose the correct treatment). Monitor and review the risk by setting timeframes for the review of mitigations of the risk. Report progress to management and the Risk Management Committee"* (Participant 4).

Another participant added that:

> *"The finance section works very closely with the risk management unit to identify the key finance risks and strategies to manage and mitigate those risks*" (Participant 7).

Even though several participants highlighted these processes outlined in the above response, one participant had a dissimilar response which was:

> *"It depends on the framework/standards adopted by the organisation it can be as prescribed by COSO or ISO 31000 standards or any other framework relevant to the organisation"* (Participant 15).

The above response by Participant 15 shows that the participant was not very sure about the risk management processes that carried at ECDoH. This lack of clarity on important processes that are supposed to guide the effective implementation of risk management in the department is concerning. The implication of this finding is that some members of RMC might not entirely be able to perform their oversight duties because they lack clarity on issues that they are supposed to assess and manage. The participants also did not mention risk register as a key phrase in the risk management processes. Considering that risk register forms a critical part of the risk management processes its omission can be concerning.

However, it is essential to note that some participants who are RMC members mentioned clearly the main risk management processes that are involved in risk management at ECDoH. These risk management processes are identify; analyse; evaluate and rank; treat; and monitor risk. The finding aligns with assertion by Kanu (2020) who mentions the processes as part of the risk management processes in an organisation. This study's findings imply that there is compilation of a risk profile that is the recording of the nature and level of threats that being faced by the department. Furthermore, the explanation by Participant 4 highlight that there is identification of different forms risks and that are allocated different ways of handling them. The findings reveal RMC members do possess knowledge on the risk management processes which is crucial in their ability to carry out effective implementation of risk management at ECDoH.

### 4.4.3 Input on risk management

This research asked about the type of input that is provided by the participants in their different roles as RMC members at ECDoH. The question was asked to understand the RMC members' contribution towards effective implementation of risk management at ECDoH. The predominant theme was input on risk management. The findings of this study reveal that the participants provide different forms of input which including auditing, evaluation, operational plan monitoring, performance, and culture and governance. The different responses of the participants are presented below. One participant that focused on auditing expressed that:

> *"My role is to audit the risk management unit and provide recommendations on identified gaps"* (Participant 10).

Another participant emphasizing on evaluation retorted that:

> *"For me the most important element of risk management, after all is said and done, it is about whether risk management is adding value to the operations of the organisation, is the risk management function protecting and creating value for its stakeholders"* (Participant 2).

An additional response by another participant centered on operational plan monitoring remarked that:

> *"As the chief risk officer my key function is to drive efforts related to enterprise risk management in terms of an annual risk management operational plan that is approved by the external risk management chairperson and the head of department of ECDoH"* (Participant 4).

The other response related to performance was:

> *The finance unit provides various reports to the risk management committee to assist the committee to assess the risk together with the mitigation strategies that are being employed* (Participant 3).

Another participant focusing on culture and governance pointed out that:

> *"Theoretical insights on best practice and emerging risks. Practical inputs based on experience and understanding on pervasiveness and likelihood and impact of risk identifying as likely to impact the ECDOH"* (Participant 5).

The above excerpts reveal the different inputs by the RMC members in performing their roles and duties on risk management at ECDoH. The input of the various RMC members has great significance in the overall effectiveness of risk management. The data collected by this study shows that there auditing of risk gaps at ECDoH. The findings also indicate that the evaluation on risk management's value addition at ECDoH. The other pinpointed input is the operational plan in identifying and dealing with risk. The findings also highlight the performance aspect in risk management assessment and mitigation strategies. Lastly, the culture and governance of risk management based on the experience of the RMC members. The findings align with suppositions of the agency theory which highlight that many non-executive officials on a certain committee are usually anticipated to be efficient in offering oversight on the performance of the organisation as well as regulating managerial opportunism (To et al., 2021). Therefore, the different input by the RMC members, as agents who are acting on behalf principals, the government, is supposed to play a significant role in the effectiveness of risk management.

### 4.4.4 Roles and responsibilities of Risk Management Committee members

The researcher asked about the roles and responsibilities that participants play in the risk management processes as a member of the RMC at the ECDoH. The question was asked to gain insight into the roles and responsibilities of RMC members which is pivotal on the effectiveness RMC at the department. The primary theme was roles and responsibilities of the RMC members. The main findings of the study revealed that from the responses of the participants, the roles and responsibilities of the RMC members are not clearly defined. However, the study managed to interpret from the responses of the participants that these roles and responsibilities of the RMC members include oversight, monitoring the performance of management, auditing, risk identification and mitigation. The roles and responsibilities according to one participant were:

> *"I serve as a member of the risk management committee but at the same I lead and review the presentations that are submitted by the finance unit to the risk management committee"* (Participant 6).

Another participant said this:

> *"As a chairperson of the RMC, I meet with the Chief Risk Officer, agree on the agenda, review minutes, give attention to matters arising, chair the RMC meeting and hold the Secretary General, Head of Departments and officials to account on their risk registers and presentations. I also attend the Audit Committee meetings and provide inputs and observations thereafter"* (Participant 5).

Another view from a different participant was:

> "*My role is to be involved in the risk management process from start until the end because my auditing role is also part of the combined assurance function. Therefore, auditing function works with risk management hand in hand as they are all in the governance space"* (Participant 10).

The quotations above reveal the different views on the roles and responsibilities carried out by the RMC members at ECDoH. It is concerning that there was lack of clarity on the roles and responsibilities by some RMC members with reference to response by Participant 6 which does not clearly outline their role and responsibilities. The lack of clarity can be a challenge in delivering effective risk management because the key functions in the implementation process will not be executed efficiently if RMC are unclear about their roles and responsibilities. This finding is a reflection of the findings by Joel and Vyas-Doorgapersad (2019) who pointed out that the awareness level pertaining the application of risk management as a regular management instrument together with the levels of institutionalisation in the code of conduct are disappointingly low in some public sector departments. The lack of clarity on roles and responsibilities in risk management usually results in ability to foresee risks or inability to tackle any threats associated with the risk. This study's findings regarding the roles and responsibilities of the RMC members reflect the lack of effectiveness in the implementation of risk management at the department with some members lacking clarity on their roles and responsibilities within the RMC.

However, some of the responses show that some of the RMC members have some level of awareness regarding their roles and responsibilities which are mainly focused on oversight, monitoring the performance of management, auditing, risk identification and mitigation. The finding is in tandem with the findings of Jia and Bradbury (2020), Bensaid et al. (2021) and Odubuasi et al. (2022) who allude to the roles and responsibilities of RMC members consisting of oversight, performance monitoring of management, risk analysis and risk policy implementation. The propensity of handling any form of risk in an organisation is premised on the awareness of the risk management staff's awareness of their roles and responsibilities within risk management. Even though some of the findings of the study reveal lack of clarity on roles and responsibilities, the awareness of some members of the RMC of their roles and responsibilities serves as a foundation towards improving the effectiveness of RMC at ECDoH. The study notes the gap of lack of clarity which can be covered through training or better orientation before becoming a RMC member to improve effectiveness of the RMC at ECDoH.

### 4.4.5 Preventive and control procedures for risk management

To further understand the participants' involvement as RMC members at ECDoH, this research asked the participants to describe the preventive and control procedures used to identify, assess, manage, control, monitor and communicate risks at ECDoH. The main theme was the preventive and control procedures for risk management at ECDoH. This research found that much of the preventive and control procedures were centred on identification of risk factors, prioritisation, profiling, impact, mitigation, costs, opportunity utilisation, risk management plan, implementation strategies, monitoring changes, evaluation of steps, compliance and communication. One of the participants that responded to the question in a detailed manner mentioned that:

> *"Annually prior to commencement of the new year, a strategic risk assessment workshop is held to determine and confirm the departments strategic risks. After the workshop is concluded a detailed strategic risk register is compiled after various consultations with management. Then prioritise risks that need to be acted upon first. On an ongoing basis, a portfolio of evidence is obtained from management on mitigation conducted relating to strategic risks. The risk team assesses the portfolio of evidence and provides feedback to the RMC. Key operational risk registers are updated on an ongoing basis. The risk management annual activities are contained in an approved risk management operational plan. Progress on the activities outlined in the risk management operational plan is reported to the Risk Management and Audit Committees. All these procedures are guided by a risk management policy framework which is on the department's "intranet" allowing all employees to access and peruse the document. As per the operational plan, each year highly litigated institution personnel are trained on risk management"* (Participant 4).

Another participant that was unclear about the procedures shared this view:

> *"Statistics or epidemiological reports can be used to identify emerging risks. The assessment of risk is done in different ways e.g. reports from different clinics and reports from hospitals. The management and control of risk can be done by mobilizing outreach teams to decrease the disease burden. Communication in the health space can be done through radios and door to doors and also partnering with churches, for example, for Covid-19 vaccinations and immunisation"* (Participant 10).

The responses above show that the preventive and control procedures for risk management implementation at ECDoH are mainly premised on identification of risk factors, prioritisation, profiling, impact, mitigation, costs, opportunity utilisation, risk management plan, implementation strategies, monitoring changes, evaluation of steps, compliance and communication. The RMC members are all supposed to be aware of how to act in order to prevent and control risks by taking corrective measures. The preventive and control procedures for risk management ensure that there is effective implementation of risk management within an organisation. However, the findings of this study indicate that some RMC members are not sufficiently knowledgeable about the preventive and control procedures for risk management at ECDoH. The concern of this insufficient knowledge is the ability of those RMC members to effectively utilise these preventive and control procedures when they are not fully aware of the procedures.

The insufficiency in the knowledge of the preventive and control procedures might affect the ability of the RMC to uphold risk awareness culture. Risk awareness culture is generated and promoted when preventive and control procedures are considered as a knowledge prerequisite for all those tasked with oversight roles and responsibility. Odubuasi et al. (2022) state that those responsible for forming a risk management committee must select individuals that are knowledgeable about risk management. Therefore, the lack of sufficient knowledge on preventive and control procedures for risk management undermines the effectiveness of the RMC at ECDoH.

### 4.4.6 Skills availability

This research asked how is the issue of skills and competencies availability of RMC members affecting the effectiveness of the RMC at ECDoH. The dominant theme was the skills availability. This study found that skills and competencies challenges on the quality of financial reporting which is affecting the deliverables. The research found that the levels of skills and competencies is not uniform in manner that affects the effectiveness of the RMC at ECDoH. One participant explained that:

> *“A competent Risk Management Committee will ensure thorough reporting from all different units of the department on a quarterly basis, this is to ensure that the executive management members are made aware of what is happening at grass root level with regards to financial and non-financial risks. However, due to lack of skills and competencies, sometimes the follow up of reports and reports to be presented contain non-substantial or non-relevant information. There is generally, lack of skills and knowledge on risk management function by majority of the members”* (Participant 13).

Another participant added that:

> *“The risk management committee has a fair mixture of skills that includes both the internal and external members of the committee. Having these different skills from different personnel enables the committee to discharge the responsibilities assigned to it. However, the challenge is sometimes due to the different levels skills and*

*competencies there can be a problem of cooperation among members of the committee. Cohesion and consistency become very difficult. Additionally, sometimes availability can be an issue. In some cases, some internal members of the committee will not be available because of conflicting diaries that may clash with committee dates"* (Participant 11).

The above responses highlight the complications that are associated with lack of skills and competencies in the RMC at ECDoH. The data of this study shows that lack of skills and competencies has been affecting the quality of financial reporting which provides insight into why ECDoH has been experiencing some risk management challenges. The quality of financial can be useful in curtailing negligence in the spending. This study's finding highlights the issue of poor handling financials at ECDoH as reported by Ellis (2021b) that the department utilised 10 percent of its budget for the 2021/2022 financial year in the first quarter and was still having an arrear of R4 billion in unpaid bills. Improved quality of financial reporting which is overseen by a competent and skilled RMC can result in better financial performance with reduction of risk associated liabilities.

Furthermore, the excerpt of the participant above also highlights the complications that result from the different levels and competencies among the RMC members. This study's finding questions the assertion by Masanja (2022) that besides operating independently, the RMC is supposed to consist of individuals with diverse skills or expertise as well as experience considered to be necessary for the fundamental implementation of risk management particular oversight procedures. The findings of this study highlight that these differences are causing the RMC to be disconnected impeding the capacity to act and operate cohesively in essence derailing the effectiveness of the RMC at ECDoH. Therefore, the findings of this study show that lack of and different levels of skills and competencies are a factor that contribute to the ineffectiveness of the RMC at ECDoH.

### 4.4.7 Composition and structure of RMC

This research also asked about how the composition and structure of the Risk Management Committee affect the effectiveness of the Risk Management Committee at the ECDoH. The composition and structure of RMC is very significant to the ability of the RMC to operate effectively. The study's data revealed that the RMC is composed of permanent members and standing invitees. The entire structure consists of personnel that comes from different units within the department. All the members of RMC are supposed to contribute towards the effective risk management procedures and oversight. One of the participants retorted that:

> *"The composition consists of both internal and external members in my view enhances the functioning of the committee and assist in balancing views. The chairperson of the committee also attends the meetings. With reference to the terms of reference of the RMC, the composition and structure of the RMC is clearly outlined. The structure includes an independent Chairperson coupled with invitee of a member of the Audit Committee. In addition, the HOD (head of department) and all DDGs (deputy director generals) are appointed members of the RMC. Other invitees also include the representatives from the Auditor General and Provincial Treasury. This membership ensures effectiveness of the RMC"* (Participant 2).

Another participant explained further that:

> *"Regular attendance and timeous feedback from all members of the RMC as well as invited attendees can improve the effectiveness of the RMC. The composition and structure comprises of top management or executive management that are fully responsible for their units and can be able to report back on performance of their units.*

*The composition of the RMC can be improved with the presence of one or more independent members, particularly possessing skills in the Information Technology (IT) or Cyber or Ransomware area"* (Participant 8).

The above quotations depict the views on the composition and structure of the RMC at ECDoH. The highlighted aspect that is pointed out by the participants is the involvement of permanent and non-permanent members in the RMC. This composition and structure allows the RMC to capture multiple perspectives and expertise on issues that affecting the department regarding risk management. The data of this study shows that the composition of the RMC contributes to the effectiveness of the RMC. This finding supports the assertion by Kakanda et al. (2018) who stress that the composition contributes to the overall performance of the RMC. The research also found that the lack of important skills such as IT and Cyber could be affecting the effectiveness of RMC at ECDoH.

### 4.4.8 Frequency of meetings

This research also asked about how the frequency of RMC meetings affect the effectiveness for the RMC at ECDoH. The responses from the participants showed that the frequency of meetings allows sufficient oversight function. However, the participants also indicated that the delays and postponements of RMC meetings affects the effectiveness RMC at ECDoH. One of the participants replied that:

*"At ECDoH the RMC meets at least four times a year. This allows for the review of each quarters activities and provides a platform for review from both the RMC and the Audit Committee. To date this frequency of meetings have proven to be effective"* (Participant 3).

Offering a differing view, another participants stated that:

*"Regular quarterly meetings are scheduled and need to be held to address the annual year plan. Delayed or*

> *postponed meetings affect the delivery against the year plan, thus reducing the effectiveness of the Committee (RMC)"* (Participant 11).

The findings of this study shows that the RMC conducts regular quarterly meetings which allow the RMC to effectively perform the oversight role in risk management. This finding gives weight to the argument by Odubuasi et al. (2022) that increased frequency of meetings may cause the RMC to be counterproductive. However, the study's data revealed that the major concern that is affecting the effectiveness of the RMC are delays and postponements in RMC meetings. Risk management depends on timely interventions that are meant to mitigate or maximize on risks. Shahzad et al. (2022) purport that effective implementation of risk management is only achieved if information about a risk is shared within the organisation on a timely basis. Therefore, the delays and postponements of RMC is affecting the effectiveness of the RMC as risk management depends on information that is shared on timely basis.

### 4.4.9 Independence of RMC

This research also asked about the independence of the RMC at ECDoH is affecting its effectiveness. The study found that independence is a significant aspect on the effectiveness of the RMC at ECDoH. The research participants mentioned that the independence of the RMC chairperson serves to promote the independence of the RMC improving its effectiveness. One participants shared this opinion:

> *"The independent chairperson's judgement and recommendations are based on good practice. The chaiperson is not internal but external and there is also Provincial Treasury attendees and also Auditor General attendees for observations. Therefore, the chairperson's recommendations are not clouded by the internal politics of a department allowing the RMC to operate independently.*

> *Therefore, recommendations are effective and add value benefitting the department in the short and long term”* (Participant 15).

An additional view from a different participant mentioned that:

> *“The RMC of the ECDoH is partially independent as it has an independent chairperson whilst also having members of the senior management. The independent chairperson assists the committee to be objective while at the same time management is invested to ensure that departmental objectives can be achieved”* (Participant 10).

A divergent sentiment was echoed by one of the participants who said that:

> *“Lack of independence is affecting the committee (RMC) negatively on its functionality hindering its ability to fulfil its mandate. Majority of the members of the committee are not independent and non-executive”* (Participant 7).

The findings of this study depicted by the excerpts above reveal that the RMC’s independence is questioned by some members. The RMC is regarded not entirely independent because of the internal members that are part of the RMC. This finding is alarming because Masanja (2022) contends that the risk management committee is supposed to operate as independently as possible so that it can assist the management of an organisation to maintain an effective risk management system. However, some of the members of the RMC are confident that the independence of the RMC is being promoted by the independent chairperson. The presence of a top member being independent can be valuable because in risk management, the “tone from the top” is significant in the developing and fostering risk management culture. The major concern is the independent chairperson being part of the risk management meetings for RMC meetings implies that their influence can be diluted with the daily practices in the department which do not promote efficient risk management culture. Therefore, the study has noted that the lack of independence affects the effectiveness of the RMC at ECDoH.

### 4.4.10 Other issues affecting the effectiveness of risk management committee

The research also asked other issues do you think are affecting the effectiveness of the RMC at ECDoH. The research sought to find out about other issues that were not included in the previous questions that are affecting the effectiveness of the RMC at ECDoH. The study found that lack of commitment, lack of risk management culture maturity and increasing capacity and adoption of technology in risk management. The participant that mentioned lack of commitment said:

> *"Lack of undivided commitment of ECDoH management affects the effectiveness of RMC at ECDoH"* (Participant 9).

Another participant that raised the issue of lack of risk management culture maturity quipped that:

> *"The culture of risk management within the ECDoH is not fully matured and that affects the functioning of the RMC"* (Participant 1).

The other participant answered with this response:

> *"The ECDOH has approximately sixty thousand (60 000) employees and is a mammoth organisation. The RMC needs to ensure that there are regional RMCs as well, so that the identified risks can receive the desired attention. Also need to have 'deep dives' at each meeting on specialist topics. In addition, the use of technology will also assist, for example, Cura, KnowRisk, Barnowl will standardise and professionalise the function"* (Participant 5).

The above responses show the different issues that are affecting the effectiveness of RMC at ECDoH. The first issue raised is the commitment of the management which is affecting the effectiveness of RMC. The issue of commitment is a concern because risk management is not a once-off occasion rather a continuous process which demands monitoring and meticulous implementation of different procedures in risk management. Furthermore, the tone-from-top aspect plays a major role in cultivating the culture of risk management in an organization. Therefore, if the management is not committed to the implementation of risk management, the RMC is not able to be effective as it depends on the support from the management. The agency theory mentions that that a contract exists between one or more people (the principal) who employ other people (the agent) to carry out some task on their behalf and tasking the agent with decision-making (Mashavira, 2021). The RMC can only act effectively on the task mandated to it by the department and government if they are supported by a committed management.

The second issue that was raised by the participants is the lack of risk management culture maturity. The finding supports the issue of lack of commitment by the management. Risk management culture is promoted by the tone-from-the-top meaning the management set the tone for the risk management conduct that is required by the organization. The lack of risk management culture maturity implies that there is always wastage of resources, financial losses, non-compliance and irregularities. Al Qubtan et al. (2021) state that risk management culture maturity provides information on the direction of extreme weaknesses being faced by an organisation revealing where they emanating from. Therefore, the RMC can operate efficiently and effectively when the processes of the risk management are not being promoted.

The other issue that was raised that is affecting the effectiveness is lack of capacity and poor adoption of technology. The participants that the department is huge because it is located in one of the largest provinces in the country. The department employs a lot of personnel and deals with a lot of people with limited resources. Therefore, according to the participants of this study having one RMC is limiting the capacity of the RMC affecting its effectiveness. Additionally, the inability of ECDoH risk management to adopt latest technology is affecting the effectiveness of the RMC at ECDoH.

### 4.4.11 Improving the effectiveness of RMC

This research asked about what can be done to improve the effectiveness of RMC at ECDoH. The study found that skills development, improving commitment, adoption of technology and increase capacity. The participants expressed these views based on the experiences of the challenges that have been facing that are affecting the effectiveness of RMC at ECDoH. One of the participants that expressed concern on the skills development mentioned that:

> *"There is a big problem of lack of skills among the members of the RMC. We often see poor financial reports and oversight function being mishandled because we do not have enough capable personnel in risk management. The macro plan of government risk management does not usually translate into risk management implementation at micro level because we do not have adequate skilled personnel"* (Participant 11).

Another participant focused on commitment, said:

> *"The RMC can improve its effectiveness through commitment. I feel they can commit overtime to reduce the time taken in meetings by focusing on the key risks. This though can only be achieved together with the maturity of the organisational risk management process"* (Participant 6).

Additionally, a different issue was raised by another participant who remarked that:

> *"I think the RMC can improve effectiveness by holding regular meetings, have fit-for-purpose members, use technology that is recent instead of EXCEL spreadsheets,*

> *carry out annual RMC effectiveness evaluations and carry out Risk Maturity Assessment of ECDoH Risk Management function. But I think mainly, improvement in technology is important like putting the BarnOwl ERM software"* (Participant 14).

A participant who emphasized the increase of capacity reported that:

> *"Due to the vastness of the Eastern Cape Province and the number of employees being over fifty thousand employees, there is need for a RMC at each district to improve the effectiveness of the head office RMC"* (Participant 4).

The above excerpts show four main areas that can be improved to enhance the effectiveness of the RMC at ECDoH. The study's data reveals that skills development is one way the RMC can improve its effectiveness. This study found that some of the RMC members do not have adequate skills to perform required functions in the RMC. There is also an indication that some of the RMC members lack adequate knowledge of processes involved in risk management oversight function as part of the RMC. The finding supports the findings of Du Plessis and Linke (2022) which points at the deficiency of skilled and knowledgeable personnel in risk management. There is need for training and development of skills among the members to ensure that they are able to perform required roles and responsibilities including producing quality financial reports which will help stop negligent spending and debt accruement. Therefore, skills development will improve the effectiveness of the RMC at ECDoH.

The findings of the study also demonstrate there is need for commitment from all the risk management to support the functions of the RMC. More so, there is need for the RMC members to be more committed to the risk management procedures. The commitment especially from management is critical in promoting risk management culture. The tone-from-the-top aspect sets the risk management tone and that tone can only in an environment where there is commitment. The commitment of RMC members will also help reduce issues of delays and postponement of meetings which will ensure that the RMC is effective. The issue of commitment is raised by Kanu (2020) who states that demonstrating commitment to fundamental procedures of risk management entails the commitment to compliance to risk management conduct. Therefore, the effectiveness of the RMC at ECDoH can be improved by the RMC members enhancing their commitment to the better implementation of risk management.

The data from this research also suggests that the use of technology with the risk management sphere of the ECDoH can improve the effectiveness of the RMC. The utilisation of old technology implies that aspects such as risk management data, financial data and real-time data are not fully exploited. The introduction of technologically advanced systems can imply that the RMC can make use of data that is generated from automated processes which will be easy to process and understand making it easy to identify risk, forecast and mitigate any risks. Therefore, the RMC can improve its effectiveness through the introduction of modern technology in the risk management domain at ECDoH.

Lastly, the research findings from this study depict that there is need to increase capacity in risk management to enhance the effectiveness of the RMC at ECDoH. The Eastern Cape is a big province which means that there are a lot of areas to cover in assessing risks. The RMC is tasked with overseeing the risk management in the different areas that are in the province with limited capacity in terms of personnel. The suggestion from this study is that there be an establishment of sub-RMC that report to the main already established RMC. The RMC will get input from these sub divisions and work from a consolidated report on recommendations for each area. The suggestion by the study is the decentralization component of risk management committee processes. Therefore, to ensure the effectiveness of the RMC at ECDoH there is need to increase or improve capacity.

### 4.5 Conclusion

The chapter presents findings on the effectiveness of the RMC at ECDoH. The overall findings depict that the RMC is struggling to be effective because of issues such as the lack of knowledge of processes, input unawareness, poor role and responsibility clarity, and insufficient knowledge on preventive and control procedures. More so, the chapter discussed how different factors are contributing to the failure of RMC to be effective based on the skills availability, composition and structure, frequency of meetings, independence of the RMC and other issues. The effectiveness of the RMC depends on these different factors being effective. The chapter also discussed what can be done to improve the effectiveness of the RMC at ECDoH focusing on factors such as skills development, improvement of commitment, technology and capacity. The subsequent chapter is going to present a summary of the research's findings and conclusions, recommendations, limitations and conclusion.

# CHAPTER FIVE: Conclusions and Recommendations

## 5.1 Introduction

The previous chapter focused on the presenting, interpreting and analyzing the findings of this study. This chapter presents a summary of the main findings and conclusions of this study. The chapter also presents recommendations based on the main findings and conclusions of the study. The discussion in this chapter also encompasses the limitations and areas of further investigation that were noted during the study. Lastly, the chapter also presents the main conclusion of the study.

## 5.2 Summary of findings and Conclusions

This research found that some of the RMC members at ECDoH lack sufficient knowledge and information on the importance of risk management in the department. This lack of sufficient knowledge and information with regards to the importance of risk management is concerning on the effectiveness of the RMC. The effectiveness of a process or practice depends on the understanding of its importance and significance. More so, the RMC has a risk management oversight role which is not being effectively executed because some members do not sufficiently understand the importance or significance of risk management at ECDoH. This study concludes that one of the main issues that is impeding the effectiveness of RMC is insufficient knowledge and information on risk management. For the RMC at ECDoH to be effective, there is need for all members to be aware of the importance and significance of risk management. The RMC members are only able to follow through risk management process efficiently if they know the importance of risk management.

This study also revealed that there is inadequate and inconsistent information and knowledge on the risk management processes at ECDoH. The RMC has a role to ensure that risk management policy, strategy, implementation plan and risk appetite are being utilised well in order to avoid issues such as those being faced by the ECDoH. However, this can only be effectively overseen if all the members are fully knowledgeable and awareness of the risk management processes. The capacity to make sound decisions in risk management is based on the knowledge that is possessed by those mandated with the role and responsibilities to make critical decisions especially in risk management. Therefore, the study concludes that the effectiveness of the RMC at ECDoH largely depends on the members having sound knowledge about the processes of risk management. The inadequacy and inconsistency in information and knowledge about risk management processes among some members of RMC is affecting the effectiveness of the RMC at ECDoH.

This study also indicated that there is diversity with regards to input on risk management. This diversity on input is supposed to be valuable in the effectiveness of the RMC at ECDoH. However, this study also found that some members of RMC are unclear about their roles and responsibilities as part of the RMC. The lack of clarity on the roles and responsibilities implies that some of the members of the RMC are not able to carry out their duties and functions effectively. The members of RMC have to know clear their roles and responsibilities so that they can contribute effectively to the risk management process. From the findings of this study, there is a notable association to the insufficient knowledge on the importance of risk management, risk management process and lack of clarity on roles and responsibility by the RMC. The RMC is not effective when the members of the RMC are not clear about elements involved in risk management including their roles and responsibilities. Their diversity in input becomes insignificant if the members do not know how to utilise that input for the effectiveness of the RMC. Therefore, this study concludes that even though there is diversity in input from the different members of the RMC at ECDoH, the lack of clarity in roles and responsibilities is affecting the effectiveness of the RMC. There is need for more clarity on the roles and responsibilities of the RMC members at ECDoH in order to improve its effectiveness.

The preventive and control procedures that are allow the effective use of risk-focused information to efficiently implement risk management has to be a priority for the RMC especially at ECDoH which has been experiencing different issues related to poor risk management. This study found that there is lack of adequate knowledge on the preventive and control risk management procedures. The lack of knowledge implies that there are a lot of negative risks that can be prevented or mitigated that might not be identified or dealt with sufficiently. This finding indicates why there is continuous ineffectiveness in risk management which is reported at ECDoH despite the existence of RMC that has an oversight role. Therefore, this study concludes that the effectiveness of the RMC at ECDoH is being affected by the lack of knowledge on preventive and control procedures for risk management. There is need for the RMC members to get assistance in improving their knowledge on the preventive and control procedures for risk management. The effectiveness of the RMC is premised on each knowing full issues that are a potential risk to the department, that is, identification, risk assessment, integration of risk management process into decision making and management, improvement of risk management information quality, monitoring risk management activities and input on risk mitigation activities. The concern is that appointees and invitees in the RMC are already aware and knowledge about potential risk activities because of their job titles or division of work. There is need for RMC members to be equipped with sufficient knowledge and information about preventive and control procedures for risk management.

In support of the above finding, this study also found that there is lack of skills and competences availability in RMC at ECDoH. The evidence of this lack of skills and competences as raised by participants of this study is the lack of quality financial reports to pinpoint areas of risk management that need to be addressed. The department’s ability to recover from financial and operational setbacks caused by fruitless expenditure, fraud, negligence and other adversities as well as avoiding future threats depends on how the RMC expertise is used to review, evaluate and monitor the department’s performance with regard to risk management. The lack of skills and capabilities implies that the RMC can only do partial work and that affects its effectiveness. The rigorous analysis and expert judgement that is expected from the RMC cannot be effective if the appointees and invitees do not have the appropriate skills to know what to look for and what needs to be done. The RMC members are experts in their designated work areas, however, some are not fully equipped with the right skills and competences to handle risk management roles and responsibilities. The major assumption that might be overlooked in appointing and inviting RMC members is their skills and capability because the focus is on held work titles.

Compounding to this challenge is the issue of different levels of skills and competences which is creating disharmony on the execution of duties within the RMC. The finding supports the earlier finding in this study that showed that some members of the RMC do not fully understand the importance and significance of risk management. The lack of understanding of the significance and importance cause lack of focus on the objectives instead shift attention towards other issues that do not improve effectiveness. The levels of skills and competences should not be an issue of concern but unfortunately the study found that the different levels of skills and competences is impeding the effectiveness of the RMC. Therefore, this study concludes that the availability of skills and competences, with regards to lack and levels, is affecting the effectiveness of the RMC at ECDoH. There is need for improve the skills and competences of the RMC members to enhance the effectiveness of the RMC at ECDoH.

This study also found that the composition and structure of RMC consisting of permanent and temporary members is vital however the effectiveness of this composition and structure largely depends on the expertise and skills of the RMC members. This study also revealed that the frequency of RMC meetings is sometimes affected by the delays and postponement in meetings. The different levels of members' skills and competences is affecting the commitment to meetings which leads to delays and postponements. This research also indicated that the independence of the RMC is predominantly reliant on the chairperson's independence. The issue of concern is the ability of the chairperson to influence efficient risk management culture considering their capacity to monitor risk management implementation is limited to quarterly meetings. Furthermore, the study found that lack of commitment, lack of risk management culture maturity, the need to increase capacity and adoption of technology in risk management are playing a significant role in the lack of effectiveness of the RMC at ECDoH. Therefore, this study concludes that the issues such as skills and competence availability, composition and structure, frequency of meetings, independence of the RMC, lack of commitment, low risk management culture maturity, insufficient capacity and poor adoption of risk management technology are affecting the effectiveness of RMC at ECDoH. There is need to look into how these issue can be addressed and improved so that the RMC at ECDoH can be effective.

The study did seek to find out what the people involved in the RMC think about improving the effectiveness of the RMC at ECDoH. This study found that the measures that can be taken to improve the effectiveness of the RMC at ECDoH include skills development, improving commitment, adoption of technology and increase capacity. These suggestions are based on the experiences of the RMC members so they can be useful in improving the effectiveness of the RMC at ECDoH.

### 5.3 Recommendations

Based on the findings of the study which indicate that the effectiveness of the RMC at ECDoH remains very poor, the study recommends these measures to improve the effectiveness of the RMC.

- This study found that the lack of knowledge on the importance and significance of risk management by some members of the RMC. Based on this finding there is need for every appointee and invitee to get some form of orientation on risk management. Even though, the department carries out risk management workshops for all personnel in the department, there is need for specialized orientation for RMC members. This specialized risk management orientation has to focus on the challenges that are currently being faced by the department and risk management plays a role in dealing with those challenges. The clear link between what risk management does in dealing with challenges facing ECDoH has to be known to anyone who is RMC member. The role of the RMC in the department, how that affects risk management as well as the risk management compliance knowledge has to be part of the orientation process. The department should not assume that the general risk management workshops for all personnel are adequate for RMC members.

- This study also found that there is inadequate knowledge and information about risk management processes. Based on this finding, the study recommends that there be a training programme for all those who become part of the RMC. The training programme should encompass practical assessments or examination. The participation in such examinations will better the knowledge of the RMC members. The selection of the RMC members should not be solely based on their experience of working in areas that have risk related issues. The knowledge and information of the risk management processes is also important. Therefore, training should be a requirement to be part of the RMC at ECDoH. This training which improves knowledge and information will improve the effectiveness of the RMC as members will be more knowledgeable about the processes they are supposed to oversee.

- This study also found that lack of clarity on roles and responsibilities. The roles and responsibilities of the RMC members needs to be clearly demarcated through a specific mechanism which can orientation and/or information booklet. The assignment of roles and responsibilities has to be clear and this can be conveyed through the earlier suggested orientation. Individually, members can be given booklets that explains what is expected from them as a member of the RMC and the outcomes that are specific, measurable, attainable, relevant and time-bound. The ability to have a mechanism that has clarity on the roles and responsibilities of the RMC members can improve effectiveness of the RMC as the committee can easily note the members that are not contributing to the objectives of the RMC.

- This study also found that there is lack of skill and competences in the RMC at ECDoH. The issues of skills and competences requires training and development systems. The department needs to train and develop personnel to be well-equipped with skills that are not only necessary for risk management but for monitoring and evaluation. The important duty of the RMC is oversight, therefore, members must be able to see where output is lacking. Processes are failing resulting in failed risk management. The identification of the failed processes can be identified through monitoring and evaluation. Therefore, there is need for risk management as well as monitoring and evaluation training and skills development for RMC members at ECDoH.

- This study found that there are issues on composition and structure of the RMC as well as issues of frequency of meetings and independence of the RMC which affect the effectiveness of the RMC at ECDoH. Based on these findings, there is need to improve communication structures in risk management as well as RMC. The difference in levels of skills and competences should work as complementary structure that allows different arms to work together. However, when communication is unclear there is always disconnect. The structures should be clearly communicated and how the members are helping each other to ensure effective risk management implementation at the department. More so, there is need to increase capacity. As suggested by the participants in this study, have district RMCs can be a solution to increase capacity. The delays and postponements in meetings can be avoided if the sub-committees are able to hold their 'in-house' committee meetings then report to the main RMC. The independence of the RMC can be increase as there more transparency and accountability based on the reports from the sub-committee. Each report will be analysed and audited independently reducing aspects of manipulation.

- This study also found that there is aspect of lack of commitment from some of the RMC members. Based on this finding the study suggests that the blending of technology and promotion of risk management culture. The use of modern risk management technology which helps with quantifying work that is being done can help to present clear results which can improve commitment. Furthermore, the cultivation of risk management culture can be useful in promoting commitment towards effective risk management participation by the RMC members. The understanding of the importance and its significance of risk management in organisational performance can improve commitment from the members of the RMC at ECDoH which will improve the effectiveness of the RMC.

## 5.4 Limitations and areas of further study

This study managed to achieve its main objectives. However, it is important to note that the study had some limitations. One limitation was the use of the qualitative research methodology only which implied that only qualitative data were collected for this study. A quantitative research study which can focus on the correlation of the factors that have been noted as affecting the effectiveness of the RMC and the strategy of risk management at ECDoH. This study also focused on one public entity, a comparison study on operations of RMCs in different public entities can be conducted to find out about the effectiveness of those RMCs. This study also used a small sample since it was a qualitative study, studies that uses larger sample size can also encompass other personnel that is not part of RMC to understand their views on what affects the effectiveness of the RMC at ECDoH.

## 5.5 Conclusion of the Study

This study concludes that the effectiveness of the RMC at ECDoH is poor. The RMC is not effective as the study indicated from the initial chapter through the reflection of the poor handling of financial resources and litigation issues. The RMC is supposed to be performing an oversight role that ensures that through effective risk management. However, the findings of this study show that the RMC members do not have sufficient knowledge about the importance and significance of risk management. Therefore, there are unable to properly implement the processes of risk management when performing their roles and responsibilities because they are lack knowledge and information on processes of risk management. More so, the RMC members also lack clarity on their roles and responsibility. The lack of skills and competences among some RMC members also compound to their capacity to be effective in risk management activities. The composition and structure, frequency of meetings and independence of the RMC are some concerns that are impeding the effectiveness of the RMC at ECDoH. Therefore, there is need for the ECDoH to improve the knowledge, skills and capacity of the RMC through training and orientation. In conclusion, the effectiveness of the RMC at ECDoH remains substandard due to the negative components that are inherent in the operations of the RMC which can be improved.

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