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The Impact of Risk Management on Banks' Performance: A Case Study on the Banking Sector in the Republic of South Sudan

Chol Paul Kur

Abstract

The goal of this study was to evaluate the effectiveness of risk management techniques employed by South Sudanese commercial banks. Using a contemporaneous mixed study methodology, information was gathered from purposely-sampled commercial banks. 5-point Linkert scale types of questionnaires were delivered to 56 respondents from chosen commercial banks. Questionnaires were the primary data gathering tool. The Statistical Package for Social Sciences (SPSS V 16.0) was used to examine the data in major part, as well as distribution tables displaying frequencies and percentages. Tables have been created to display the findings. The key findings of this study project were that the majority of commercial bank employees strongly believed that risk management is an essential approach for managing a wide range of risks in a holistic manner and is critical in managerial decision making, influencing company performance. The study also discovered that risk management is now a must rather than a choice for commercial companies. Overall, the data indicate that South Sudanese banks are risk-averse. According to the report, it is critical for every successful commercial bank or financial institution to implement an ERM framework.

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Introduction

Globally Today's businesses confront a variety of obstacles in order to achieve success and development through effective risk management. A dynamic global economy, greater use of quickly evolving technology and available data, and an unpredictable regulatory environment all combine to make navigating the seas of company performance a difficult effort for CEOs. As a consequence, it is becoming increasingly necessary for businesses today to invest correctly in human and financial resources in order to improve company performance and, as a result, increase their competitiveness in the global marketplace (www.dupont.com). According to Hida (2017) in his article, many businesses continue to improve their risk management processes throughout the world, and this year's study indicated that executives are focused on the regulatory effect of recent geopolitical developments and wondering what's next. Risk management is becoming increasingly essential nowadays, as financial institutions face a number of developments that have brought greater uncertainty than previously into the future direction of the business and regulatory environment. Many nations' economies remain poor, and interest rates remain historically low. The United Kingdom's choice to leave the European Union (Brexit vote), along with US President Donald Trump's vow to renegotiate trade deals with China and Mexico, raises the prospect of decreased trade volumes (Hida, 2017). According to Lai et al. (2011), there is a basic relationship between ERM and increased shareholder value.

According to the developed model, implementing an ERM framework is advantageous to the company, and the key benefits achieved by an ERM package are as follows: lowering the risk profile, lowering earnings volatility, increasing management trust in operating and monitoring company operations, and generating aircraft governance actions, adorning business status, refining clarity of organization-wide decision making and information chain, motivating business entrepreneurship, and maximizing firm effectiveness . It also aids in lowering capital costs and improving corporate performance. Many companies, including Eli Lilly, DuPont, Coca-Cola, Pharmacia (former Monsanto), Polaroid, and Whirlpool, have used EVA as a performance evaluation tool. The majority of the research employed Tobin's Q as a method for determining a firm's value (Hoyt and Liebenberg 2008; Abdelgalil 2004). Because of technological advancements in the twenty-first century, many firms confronted a plethora of dangers, such as the internet, complicated financial instruments, worldwide competition, deregulations, downsizing, and customer expectations, to name a few (Shenkir and Walker 2006). South Sudan remains one of Sub-Saharan Africa's most dynamic oil producers, making it a pure land for investors. Most foreign-based companies invested in various sectors of the economy, including oil, telecommunications, construction, and finance, and it is regarded as the country's economic backbone. Risk management is becoming increasingly essential as financial institutions face a number of developments that have injected greater uncertainty into the future direction of the business and regulatory environment than ever before.

Background of the study

The research will look at how effective risk management improves company performance in South Sudan and how it fosters the growth of local businesses. There are various types of hazards engaged in the financial industry in South Sudan, and the majority of those are susceptible to risks such as government policies, operations, environmental disasters, survival situations, and market threats. These risks must be managed well or they will have a significant impact on the firm's value, as claimed by Nguyen et al. (2007). environmental risk, operational risk, Political risk, market risk; financial risk, climate change risk, strategic risk; and regulatory risk are all common in the financial industry, and these risks are becoming more visible, mostly during and after economic crises (Othman and Ameer, 2008; Jalal-Karim, 2013). The financial crises of 1997–1998 had a negative impact on the majority of businesses, owing mostly to

inadequate risk management (Yazid and Muda, 2006). Many companies suffered losses as a result of the crisis, which caused in currency reduction through the region (Yazid, 2001). Tenaga Nasional Bhd (TNB), Malaysia's largest energy supplier, for example, lost RM 2.47 billion, while Telekom MalaysiaTM, a telecommunications company, lost RM 158 billion (Yazid, 2001). Significant changes have occurred in the function of risk management, with most organizations reacting by implementing strategic risk management in their operations (Nocco and Stulz, 2006). The majority of organizations responded by implementing enterprise risk management (ERM) to manage risk in accordance with the directives of well-known corporations in the United States (US), such as General Electric (GE), Wal-Mart, Bank of America, and IBM, which have successfully implemented ERM in risk management (Drew et al., 2005). ERM evaluates and improves management performance, assuring stakeholders of management's risk management abilities (Beasley et al., 2006). The ERM framework has been recognized as one of the most essential tools for managing risks in businesses and ensuring that disasters are avoided to the greatest degree feasible, in accordance with the organization's goals. Researchers have recommended a variety of frameworks, including COSO's Enterprise Risk Management-Integrated Framework, Traditional risk management framework, Arthur Anderson Business risk management process, and others, but they all share a common theme: identification, prioritization, measurement, and treatment of risk. However, the ERM framework offers businesses with important ideas and concepts, as well as clear direction and assistance to handle specific risk issues (Jalal-Karim, 2013). Many companies, including Coca-Cola, Eli Lilly, DuPont, Polaroid, Pharmacia (former Monsanto), and Whirlpool, have used EVA as a performance evaluation tool. The majority of the research employed Tobin's Q as a tool to assess company value (Hoyt and Liebenberg, 2008; Abdelgalil, 2004), as well as conventional metrics such as ROC, ROA, ROI, and return on net assets RONA. When a firm uses many measures, such as EPS, Return on Equity (ROE), ROI, and Net Operating Profit after Tax (NOPAT), it can lead to misunderstanding and disagreements (Kudla and Arendt, 2000). All of these metrics are based on historical data from previous experiences and ignore any efforts to forecast the future. In terms of long-term planning to protect the company's future risks, these techniques provide little assistance to the organization. These measures can only forecast short-term effects. However, research using EVA as a measure for assessing business success is limited. As a result, the goal of this study is to fill a research gap by investigating the Enterprise risk management model and investigating its impact on firm performance, using EVA as a measuring instrument to analyze the performance of South Sudan's financial industry.

Trading and financial organizations face a wide spectrum of risks in their operations; consequently, risk identification and management are important for these companies. To identify and manage various types of risks, these companies use multiple ERM frameworks, including the Traditional Risk Management Framework, the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) ERM model, and the Arthur Andersen Business Risk Management Process (BRMP). Identifying, investigating, evaluating, treating, and monitoring are the five components of the classic risk management paradigm. The ERM model created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) consists of eight components: internal environment, objective setting, event detection, risk assessment, risk response, control actions, information and communication, and monitoring. The Arthur Andersen Business Risk Management Process (BRMP) consists of seven components: establishing the corporate risk management procedure, evaluating commercial risks, evolving business risk administration strategies, designing/applying risk management abilities, and monitoring risk managing performance. During an economic downturn, business risk management is closely monitoring your company's performance, detecting any difficulties influencing it, and putting measures in place to mitigate or remedy

these concerns. In most situations, using your financial statements is the greatest approach to track performance. If you notice that your sales have fallen, for example, you should investigate the variables influencing sales performance so that you can solve the problem and manage the risks connected with it. Identifying and managing risks during an economic downturn entails five phases.

Determine the hazards that might jeopardize your company's performance: Examine each of your business activities including financials carefully, and ask yourself, "What may have an influence?" How severe would the consequences be? What are the chances that this will happen? Is it possible to minimize or remove it? internal (e.g., inflation) and External (e.g., lower consumer confidence, higher interest rates) risks can be linked to an economic downturn (e.g. cash flow shortages, customers defaulting on payments, or depreciation of assets).

Analyze risks to measure their impacts: Determine which risks have a superior impact on the performance of your organization than others. Distinct minor acceptable risks (for example, a single client missing a payment) from large risks that require immediate action (e.g., foremost supply chain disruption). Risk analysis includes evaluating the relationship between the likelihood and effects of the dangers you've found.

Evaluate risks to priorities their management: Compare the likelihood and impact of each risk on the performance of your firm to evaluate and prioritize the resources you are willing to commit to address these risks. This phase yields a prioritized list of hazards that require additional action.

Treat risks minimizing their impact: You will need to choose which dangers are acceptable to leave untreated and which must be handled. After you've determined the risks you consider unacceptable, you should think about ways for enhancing your company's performance.

Develop risk management plan and review it: A company risk management proposal outlines your chosen method for dealing with recognized risks. It contains information on the following topics: hazards identified; hazard level; strategic planning; period for implementing the strategy; necessary resources; and personnel responsible for ensuring the strategy is instigated. The final documentation of plan should contain suitable aims, a budget, and milestones to reach those objectives (www.business.qld.gov.au).

Statement of the Problem

Because of technological advancements in the twenty-first century, many businesses confronted a plethora of dangers, such as the internet, downsizing, complicated financial instruments, worldwide competition, deregulations, and customer expectations, to name a few (Shenkir and Walker, 2006). South Sudan is one of the most active economies in the East African Community, with an underdeveloped financial industry that is vulnerable to a variety of hazards, and it is regarded as the cornerstone of the South Sudanese economy. Despite the fact that the country has been plagued by an economic crisis since the country's internal war between 2013 and 2016, most firms have closed down their operations, and those that remain are running at a marginal loss or are only there to survive. Despite the fact that there are obstacles that limit the operation of the business in South Sudan, the researcher discovered there is a need to identify how good risk management may assist business performance. According to World Bank and International Finance Corporation reports entitled "Doing Business in Juba 2011," the pros and cons of entering the South Sudan market are based on an assessment of a number of factors, including existing business regulations,

institutional capacity, and formal and informal taxation and credit systems. Despite the fact that Maggie Flick (2011) claims that South Sudan is one of the most challenging locations to do business, the proper use of ERM may enhance company performance. As the country approaches peace, there is room for development. Business should regain its pre-independence status, which it achieved in 2011. The purpose of this research is to look at effective risk management and business performance in South Sudan's banking sector.

As a result, the primary goal of the research is to investigate the link between good risk management and company performance in South Sudan. We looked at the following aims in particular. (i)To investigate the relationship between effective risk management and business performance in South Sudan, (ii) To ascertain the impact of effective risk management on business performance in South Sudan, and (iii) To investigate how effective risk management evaluation affects business performance in South Sudan. As a result, we investigated the following study questions: (i) Is there a link between risk management effectiveness and company performance in South Sudan? (ii) How does good risk management affect company success in South Sudan? (iii) How does good risk management evaluation influence company performance in South Sudan? Thus, the research will serve as a guide to examine how good risk management affects company performance in South Sudan, and to what degree their operation is beneficial to the business community and the country's overall economy. The findings of this study will enable management of banks to appreciate effective risk management and evaluate its impact on business performance in South Sudan. The study may benefit the whole business community as well as academics by giving helpful information on effective risk management and how it affects company performance in South Sudan. Furthermore, the study will be extremely beneficial to other persons and University of Juba students who desire to conduct research in the subject or a comparable one. Furthermore, the research will look at how effective risk management influences company performance in South Sudan, as well as how effective risk management relates to business success in South Sudan.

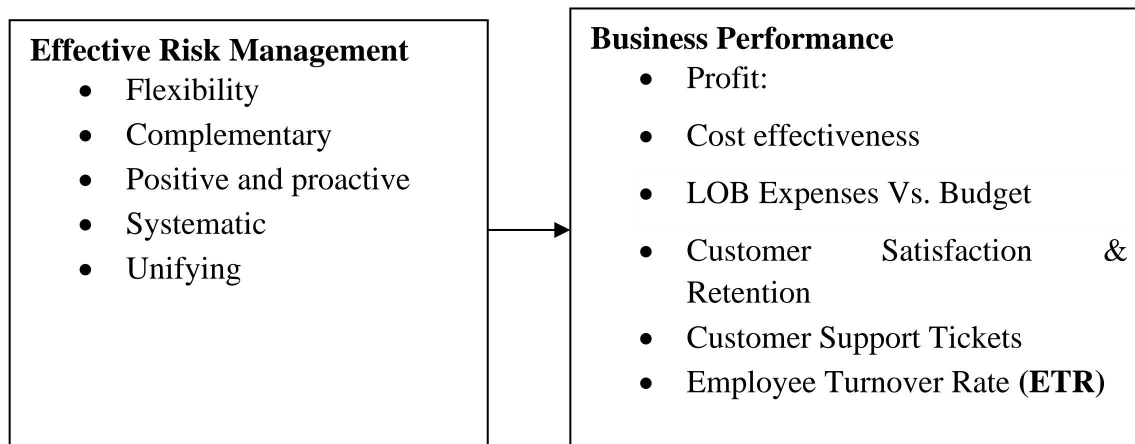
LITERATURE REVIEW

Introduction

The study will conduct a literature review based on the primary study variables, which are effective risk management and company success. The accepted enterprise risk management (ERM) implementation architecture has three aspects (structure, governance, and process), which have been expanded to seven areas (Lai, 2012). These fourteen categories are operationalized through the use of 14 components. The research focuses on two areas: ERM definition and performance measurement, and these two areas are operationalized by four implementation elements: risk avoidance, risk mitigation, risk transfer, and risk acceptance. The governance dimension is divided into two sections (information and roles, and compliance), each with four implementation parts. The process dimension consists of three areas (i.e., integration of business strategy and objectives, risk identification and response based on risk quantification), each with six implementation elements, including internal environment, objectives setting, event identification, impact likelihood, risk response and control activities, information capture, communication, and monitoring. The ERM framework, according to Lai (2012), is divided into four major categories: strategy, operational, reporting, and compliance. It is made up of fourteen aspects that are seen to be important for the effective and efficient management of risks encountered by businesses. The suggested model is strategic in the sense that it accounts for all idiosyncratic risk. As a result, the purpose of the ERM Implementation Framework is to identify the many categories of risk that exist in the financial sector and to investigate the impact of applying the framework to manage the identified risks.

Furthermore, it examines the framework's influence on company performance (Richard et al. 2009). Hybrid measuring techniques are being adopted to solve accounting and market limitations (Richard et al. 2009). Tobin's Q, Altman's Z score, and Economic Value Added are three hybrid metrics that exist (EVA). This study's recommended model was economic value added (EVA). EVA is also known as economic profit since it aims to capture a company's real economic profit in both short- and long-term performance. Stern Stewart & Co. invented and trademarked EVA as a measuring instrument in 1989. EVA represents total operational profit before taxes (NOPAT).

Figure: Conceptual Framework



Source: Adopted from Bol (2011)

It is referred to as a Conceptual Framework because it is a system of ideas and aims that leads to the creation of a consistent set of rules and standards (Picker et al, 2013). According to the above definition, the figure above depicts the relationship between the study variables; based on the above figure, effective risk management is an independent variable measured with the following attributes (flexibility, complementarity, positivity and proactiveness, systematic and unifying). Profit, Cost, LOB Expenses vs. Budget, Customer Satisfaction & Retention, Customer Support Tickets, and Employee Turnover Rate are all dependent variables. The graphic is intended to help the researcher and clearly demonstrate the link between the variables under consideration.

Effective risk Management: Business risk is effectively described as "the chance that an incident or condition may have a negative impact on a company's capacity to fulfill its business objectives and successfully execute its strategy." This concept is a potent stimulant for management to consider, as it covers a wide range of elements that might impact a company's functioning. Business hazards encompass both internal and external risks, as well as commercial and scientific concerns. Perhaps most crucially, "adverse consequences" might include an organization's inability to optimize its assets, both real and intangible, resulting in a loss of competitive advantage.

Simply put, excellent risk management may help a corporation make sound business decisions when confronted with the tremendous and dynamic forces driving the global health sciences sector. However, it appears that many managers do not analyze the whole range of risks that may represent a threat to their organization as a matter of practice. Henderson (2018) argues that the trait that helps in successful management of the business and leads to great performance for the firm is managing business risk. As a result, good risk management aims to provide reasonable confidence about the fulfillment of the firm's objectives while also assisting the organization in meeting its financial ambitions. Effective risk management evaluates and

identifies risks on a continual basis, reducing surprises that harm the business. So that effective and integrated risk management is part and parcel of good organizational governance (Pezier, 2002). Risk management, on the other hand, entails supplying executives and workers at all levels of the company with continuous, relevant, and accurate information, as well as developing realistic frameworks and processes to put risk management choices on firm basis. The goal of risk management, however, is not confined to limiting risks and dangerous circumstances. Rather, given that business is always linked with exposures, the goal of good risk management is to maintain a balance between risk and return. As a result, risk management may be both defensive and offensive. As a result, risk management must be one of the top corporate strategic objectives, and it must be managers' constant concern to strike a balance between risk and the possibilities associated with hazards (Andersen, 2008). ERM is thus defined as a "process effected by an entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within the entity's risk appetite, to provide reasonable assurance regarding the achievement of the entity's objectives."

Flexible: Can be defined as the capacity to develop with and adapt to changes in the company and, more significantly, to help form the organization's attitude toward possibilities and dangers, as well as its ability to deal with them successfully.

Complementary: The adds to management's knowledge and understanding by offering a cohesive framework for applying to risk concerns.

Positive and proactive: Encourages frank acknowledgment of risks and focuses on both their upside and downside, as well as prospective dangers and opportunities.

Encourages group responsibility for risk management.

Systematic: It gives a framework for defining the fundamental duties of risk management to designated process- and risk-owners.

Unifying: All business function managers and units adhere to a synchronized procedure that employs a single language of risk. As a result, business risk management is important to strategic decision making, business planning, operational processes, and information system design.

Business Performance

organizational performance or Business or according to Richard et al. (2009), covers three particular ranges of business outcomes: (a) financial performance (return on investment, profits, return on assets, etc.); (b) product market performance (market share, sales, etc.); and (c) shareholder return (economic value added, total shareholder return, etc.). The phrase "organizational effectiveness" covers a larger series of concepts. Operations, strategic planners, legal, finance, and progress specialists are all concerned with business performance. In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology, which tracks and measures performance across multiple dimensions such as financial performance (e.g., shareholder return), customer service, social responsibility (e.g., community outreach, corporate citizenship), and employee stewardship. Business or organizational performance, according to West et al. (1990), is a function of an organization's capacity to fulfill its goals and objectives. How successfully an organization carries out its operations determines how well it accomplishes its aims, fulfills its social duties, or both. Organizational function is an important component in a society's or nation's performance. The performance of society's organizations—how well they accomplish their jobs—gives rise to dispute (Stoner et. al, 1989). Organizational performance is evaluated regardless of whether a formal or informal approach is utilized. However, systematic methods of evaluating organizational performance throughout the firm are preferable so that each manager may assist to enhance present performance and discover individuals with the highest

potential for higher management roles (Piggs et al.,1989). The following characteristics, as modified in, can be used to gauge business performance (www.clearpointstrategy.com)

Profit: This goes without saying, yet it is worth mentioning because it is one of the most significant performance metrics available. Don't forget to look at both the gross and net profit margins to gain a better understanding of how good your company is at creating a high return.

Cost: Determine the most cost-effective strategies to decrease and realize your expenditures.

LOB Expenses Vs. Budget: Contrast your actual overhead with your budgeted overhead. Understanding where you deviated from your original plan may help you create a more effective departmental budget in the future.

Customer Satisfaction & Retention: On the surface, this appears to be straightforward: make the client happy, and they will continue to be your customer. Many businesses, however, claim that this is more for the benefit of shareholders than it is for the benefit of customers. CSR may be monitored using a number of performance measures, such as customer satisfaction rankings and the percentage of return clients.

Customer Support Tickets: Analyzing the amount of new tickets, resolved tickets, and resolution time may assist you in developing your company's finest customer care department.

ETR (Employee Turnover Rate): To calculate your ETR, divide the number of employees who have left the firm by the average number of employees. If you have a high ETR, examine your company culture, benefits packages, and work environment.

RESEARCH METHODOLOGY

Research Design

Explanatory study design was used in the investigation. Explanatory research designs are critical for answering "how" issues. These designs attempt to illustrate how one variable influence another. Explanatory research was deemed acceptable for use if there was a need to clarify a perceived problem. When there is an issue, it is critical to fully comprehend it before attempting to solve it, and the use of explanatory research to handle such a problem is suggested (Johnson, 2006). A descriptive study design was employed by the researcher. Descriptive research was utilized to investigate the effectiveness of risk management and company performance in South Sudan in depth.

Targeted Population

According to Kombo and Tromp (2011), a population is a group of people, objects, or things from whom samples are obtained for measurement. Cooper and Schindler (2011) define population as "the whole set of elements from which one intends to derive inferences." A target population is a complete collection of cases, people, or things who have observable characteristics of a certain type that differentiates them from other populations. A population, according to Mugenda (2003), is a well-defined or collected group of people, elements, groupings of items, services, events, or houses under examination. This definition guarantees that the population under consideration is homogenous. The researcher selected a population of 56 banking workers in the Republic of South Sudan. The research took into account both local and international ones.

Sample and Sampling Techniques

Kothari (2011) defines sampling as "the selection of elements of an aggregate or totality on the basis of which a judgment or conclusion about the aggregate or totality is formed." It is the process of learning about an entire population by analyzing only a subset of it. According to Cohen et al., (2007), a sample is a small group of respondents selected from the population for the purpose of gathering information and drawing conclusions. To gather the information for the study, the researcher randomly selected 56 respondents from 28 commercial banks. The study included a sample size of 56 people.

Data Collection methods

"There are two basic techniques to data collecting, namely, primary and secondary data," write Saunders et al (2007). He further said that primary data is acquired primarily when a specific purpose emerges, but secondary data is already obtained data that has been published and on which future researchers can depend as a reference. These were mostly collected via replies to self-completion surveys, structured questions, and participant observation recordings to answer open-ended questions that were either yes or no.

Questionnaire

These are interconnected questions prepared by the researcher and distributed to respondents in order for them to fill out data/information. Self-administered questionnaires with open-ended and closed-ended questions were used in this study. This was done to decrease transportation expenses and also because the researcher was dealing with literate persons who could fill out the paperwork. The questionnaire was used to collect data, which was then primarily evaluated quantitatively. The questionnaire was utilized since it gathered more information that the researcher needed in order to obtain easily measurable results.

Primary data

According to Bums (2000), primary data are firsthand knowledge obtained for research purposes. This might take the shape of observations or records recorded and preserved by those involved in, or witnesses to, an event. A conversational strategy can be used inside an interview guide approach or in conjunction with a standardized format by stating some important questions exactly as they must be asked while allowing other things as subjects to be explored at the interviewer's choice (Patton, 2002). As a result, the researcher evaluated the main data and observations in order to reach a conclusion.

Secondary data

Because secondary data was mostly derived from pre-existing material in the form of publications such as books, journals, articles, online sources, and a variety of other well-established facts. According to Saunders et al (2003:201-202), the researcher benefited from accessing this source of data since it saved time and money. Second, the researcher was able to evaluate larger and more distant data sets. More specifically, because there was more time to study and understand evidence, one had the chance to consider theoretical objectives and justify concerns.

Data Analysis Technique

The data analysis intended to achieve the study objectives and offer answers to the research questions. It was examined such that the obtained data could be simply comprehended by the average person. The data was analyzed using both qualitative and quantitative approaches in the study. After obtaining surveys from respondents, the replies were edited, categorized, coded, and tabulated in order to evaluate quantitative data using a social science statistical

program (SPSS 16.0). Tables and graphs were utilized to provide additional representation for simple comprehension and analysis. The information gathered was extensively scrutinized and confirmed for completeness and comprehension. The information was concisely described, categorized, and tallied in percentages. These numbers were computed to help with the analysis and to make it more readable for the readers. Because the data gathered was more qualitative and quantitative in nature, it was presented utilizing both descriptive and quantitative analysis.

Ethical Considerations

The type of agreement reached between the researcher and the study participants is referred to as research ethics. Best and Khan (2006) and McMillan and Schumacher (2006) categorize ethical issues in research into five categories: protection from harm, stress, or risk; informed consent; secrecy; right to privacy; and candor with professional peers. Before commencing the project, permission from the administration of the University of Juba was sought.

Validity and Reliability

According to Zikmund and Babin (2010), validity is a measure of the amount to which a score accurately represents a notion. Reliability also reflects how exact a measure is in that several attempts at measuring the same object converge on the same spot. According to Carlson and Anderson (2007), dependability is an indication of evaluating internal consistency and is the key to understanding reliability. When several efforts at measuring something yield the same result, the measure is dependable. When a measuring procedure yields repeatable results, the measuring device is reliable. Validity requires reliability but does not require it. The reliability scale may be invalid. A dependable but ineffective tool will regularly produce incorrect findings. The validity and reliability of the data collecting instruments, i.e., the questionnaires for the study, will be assessed. By validity, the best indicators or questions will be picked after a careful evaluation of a variety of alternative indicators to measure the idea or subject matter, which is respondents' view or attitude about procurement operations at the firm. This became possible following the pre-test. To meet the demand for dependability, indications were evaluated to determine the degree of consistency in assessing the idea at hand. To that aim, language ambiguity and confusing questions on selected indicators were eliminated or rectified.

DATA PRESENTATION AND ANALYSIS

Descriptive statistics: Cross tabulation and frequency distribution were employed to display the demographic characteristics of the sample, indicating the variations of respondents by age group, degree of education, and years worked. The findings were obtained using the frequency table provided in table 4.1.

Table 4.1 Age of respondents

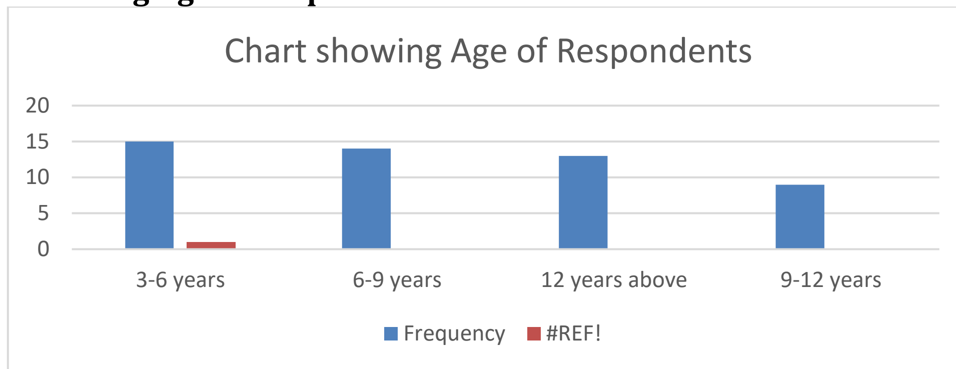
Age	Frequency	Valid Percent
More than 40	26	46.4
35 to 40	15	26.8
less than 35	13	23.2
Less than 30 years old	2	3.6
Total	56	100.0

Source: Data drawn from question 1(Age)

The description above clearly shows that the majority of respondents are above 40 years old, followed by 35 to 40, in the order of 46.4 percent, 26.8 percent, 23.2 percent, and 3.6 percent, respectively. As a result, the majority of responders are in their most productive age groups

and have a reasonable amount of experience.

4.1.1 Graph Showing Age of Respondents



According to results, 46.4 percent of the respondents have more than 40 years of experience in the banking sector; 15 respondents have 35 to 40 years of experience with 26.8 percent; 13 respondents have less than 35 years of experience with 23.2 percent; and 2 respondents have less than 30 years of experience with 3.6 percent.

4.1.2 Academic Qualification of respondents

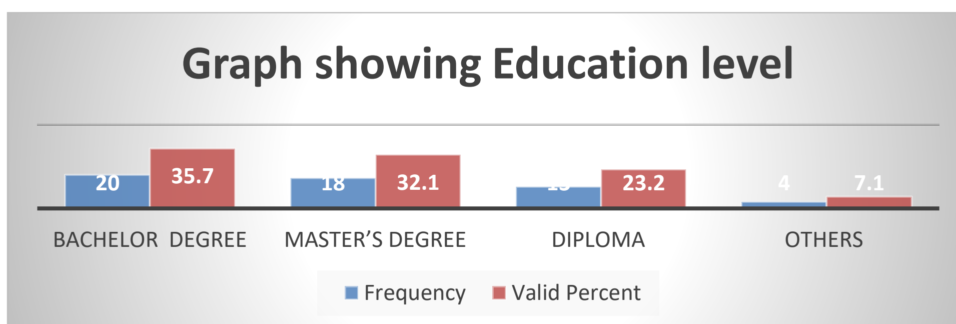
Table 4.1.2. Academic Qualification of respondents

Academic	Frequency	Valid Percent
Bachelor degree	20	35.7
Master's degree	18	32.1
Diploma	13	23.2
Others	4	7.1
PhD	1	1.8
Total	56	100.0

Source: Data drawn from question 2 (Academic Qualification)

According to table 4.1.2, the majority of respondents who are also employees have a Bachelor's degree, followed by master's degrees, diplomas, others, and PhDs in the order of 35.7 percent, 32.1 percent, and 23.2 percent, 7.1 percent, and 1.8 percent, respectively. This indicates that the responders are intellectually qualified. That is, as one's degree of education rises, so does one's ability to contribute to the needed level of bank-client connection and corporate reputation.

4.2.1 Graph showing Education level for Respondents



According to the analysis, 35.7 percent of the workforce in the banking sector are Bachelor Degree Holders, represented by 20, those with Master Degrees are 32.1 percent represented by 18

respondents, Diploma Holders are 13 percent represented by 13 respondents, and others are 7.1 percent represented by 4 respondents.

4.1.3 Respondents' years of service

The respondents' years of service were judged relevant in determining the respondents' degree of experience in the company. The survey results are summarized in the table below.

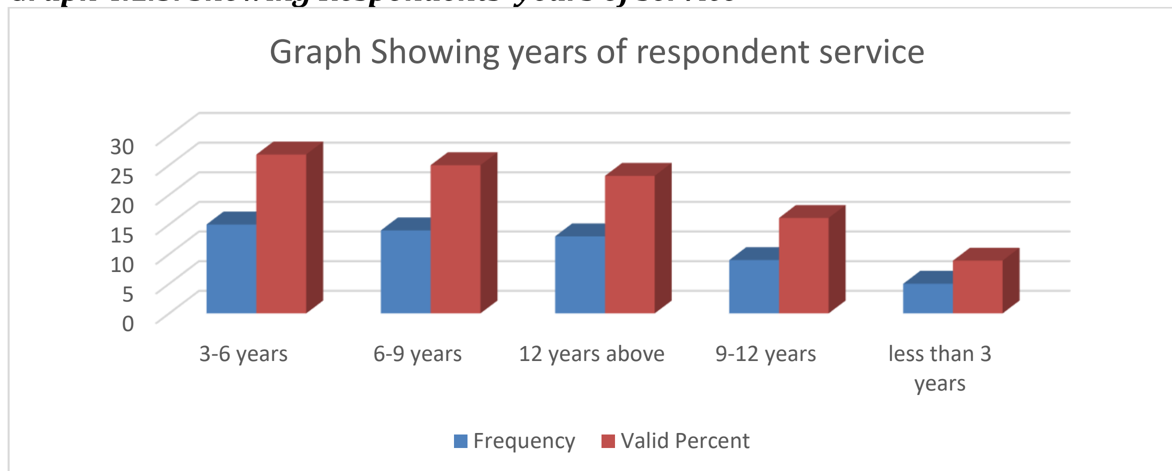
Table 4.1.3. Respondents' years of service

Work experience	Frequency	Valid Percent
3-6 years	15	26.8
6-9 years	14	25.0
12 years above	13	23.2
9-12 years	9	16.1
less than 3 years	5	8.9
Total	56	100.0

Source: Data drawn from question 3(years of service)

According to the above data, of respondents have worked in the Institution during the duration of work experiences. 26.8 percent of respondents had 3-6 years of experience, followed by 25.0 percent, 23.2 percent, 16.1 percent, and 8.9 percent. This might also indicate that the majority of responders had been at the institution for 3-6 years.

Graph 4.1.3. Showing Respondents' years of service



The study findings reveal that 3-6 Years respondents 15 made up 26 percent, 6-9 Years respondents 14 percent, 12 Years above respondents 13 made up 23.3 percent, 9-12 Years respondents 9 made up 16.1 percent, and less than 3 Years respondents 5 made up 8.9 percent. According to the statistics, the majority of respondents who work in the banking sector are between the ages of 6 and 9.

4.1.4 Decision Making

Table 4.1.4 Decision Making

Decision making	Frequency	Valid Percent
Always	21	37.5
Some time	18	32.1
Often	10	17.9
Non	5	8.9
Rarely	2	3.6
Total	56	100.0

Source: Data drawn from question 4(Decision Making)

According to the analysis table above, the majority of respondents stated they are involved in the decision-making process. 7.5 percent always make decisions in the bank, while the remaining respondents' perspectives were as follows:

32.1 percentage point

Sometimes, 17.9 percent, frequently, 8.9 percent, and infrequently, 3.6 percent were involved in decision making.

4.2.1: The relationship between Effective Risk Management and business performance

Table 4.2.1: The relationship between Effective Risk Management and business performance

Statement	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
	1	2	3	4	5
	F (%)	F (%)	F (%)	F (%)	F (%)
ERM is supportive of the internal environment in which the ERM function is executed, which affects the overall performance of the organization.	23(41.1)	27(48.2)	4(7.1)		2(3.6)
The internal environment represents "the tone of top management," which includes management attitudes and understanding of the necessity and relevance of ERM in developing and sustaining company value.	21(37.5)	29(51.8)	6(10.7)	0.0	0.0
The amount of risk to which a business is exposed is thought to be proportional to the amount of return it expects to receive.	30(53.6)	0.0	15(26.8)	15(26.8)	5(8.9)
The ERM technique seeks to decrease volatility by limiting risk aggregation from several sources. Risk-aligned target setting enables senior management to incorporate risk while establishing the firm's long-term objectives.	30 (53.6)	21(37.5)	5(8.9)	0.0	0.0
The ERM framework is divided into four major categories: strategic, operational, reporting, and compliance.	30 (53.6)	19 (33.9	6(10.7)	1(1.8)	0.0
Is there a risk management policy in place at your institution? Each financial institution is thought to have implemented an ERM policy.	30(53.6)	18(32.1)	8(14.3)	0.0	0.0
Risk avoidance, the simplest approach for a firm to handle its recognized risks is to eliminate them entirely.	30(53.6)	19(33.9)	6(10.7)	1(1.8)	0.0
No plans exist to implement a complete system of ERM	30(53.6)	13(23.2)	11(19.6)	2(3.6)	0.0
Identifying, assessing, and controlling risk in specific areas, as well as preparing to adopt a firm-wide ERM system	30(53.6)	12(21.4)	12(21.4)	2(3.6)	0.0

Source: Primary Data drawn from question2 (**Effective Risk Management and business performance**)

From table 4.2.1 above, 48.2%of respondents agreed that effective risk management supportive to internal environment within which the effective risk management function is implemented that affect the effectiveness of the whole organization, 3.6 percent of those polled strongly disagreed with the statement. According to the researcher, 51.8 percent of

respondents agreed that the internal environment represents "the tone of top management," which includes management attitudes and awareness about the importance and relevance of ERM in creating and preserving firm value; however, 10.7 percent of respondents are unsure or do not know what to express. 53.6 percent of respondents feel that the level of risk to which a business is exposed is determined by the amount of return it intends to make, while 8.9 percent disagree. 53.6 percent of respondents agreed that an effective risk management approach attempts to decrease volatility by minimizing risk aggregation across many sources. Risk-aligned target setting allows senior management to consider risk when defining the firm's long-term goals, whereas 8.9 percent strongly disagreed with the assertion. 53.6 percent of respondents strongly agreed that a framework for effective risk management is in place in key areas such as strategy, operations, reporting, and compliance, while 1.8 percent disagreed. 53.6 percent of respondents indicated the institution has a risk management policy, and each financial institution is seen to have created an effective risk management policy, with 14.3 percent unsure. 53.6 percent of respondents strongly agreed that the simplest method for a firm to handle its recognized risks is to avoid them entirely, while 1.8 percent of respondents disagreed. 53.6 percent of respondents strongly agreed that there are no plans to establish a full ERM system, while 3.6 percent disagreed. 53.6 percent of respondents strongly agreed that identifying, assessing, and controlling risk in particular areas, as well as preparing to execute a firm's wide effective risk management system, while 3.6 percent strongly disagreed. Identifying the link between good risk management and company performance. The majority of respondents agree or strongly agree with the assertions supplied in the questionnaire, while only a minority disagree or strongly disagree with the claims. In addition, several respondents did not answer because they were unsure what to say or divulge. According to the findings, good ERM policies help businesses to strengthen their values and manage risk effectively, which validates the findings of Lechner and Gatzert (2018). As a result, good risk management techniques are strongly linked to corporate performance.

4.2.2: To determine the impact of ERM on Business performance

Table 4.2.2: To determine the impact of ERM on Business performance

Statement	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
	1	**2**	**3**	**4**	**5**
	F (%)	F (%)	F (%)	F (%)	F (%)
The value of a firm is determined by its ability to plan and allocate resources.	29(51.8)	21(37.5)	6(10.7)	0.0	0.0
Accurate performance may be judged using a variety of measures, including shareholder value, return on assets, and economic value added, among others.	29(51.8)	21(37.5)	6(10.7)	0.0	0.0
With risk management in place, stock price volatility is reduced, which increases shareholder value.	11(26.8)	30(53.6)	6(10.7)	9(8.9)	0.0
Increase investor trust, capital efficiency, and return on equity	30(53.6)	21(37.5)	5(8.9)	0.0	0.0
Consumer satisfaction risk: if the company's operations do not regularly meet or surpass customer expectations, future profits potential may suffer.	30(53.6)	19(33.9)	6(10.7)	1(1.8)	0.0
Outsourcing risks include inability to manage outsourced activities, which may result in a third party operating outside of their intended scope of authority or failing to execute in accordance with the company's strategy,	18(32.1)	30(53.6)	8(14.3)	0.0	0.0

objectives, or regulatory requirements.					
Management/employees fraud risk, management fraud (i.e. willful falsification of financial accounts or asset misappropriation), can harm a company's reputation or subject it to financial loss.	30(53.6)	19(33.9)	6(10.7)	1(1.8)	0.0

Source: Source: Data drawn from question 2 **(impact of ERM on business performance**)

According to table 4.2.2, 51.8 percent of respondents strongly agreed that the value of a firm is determined by its capacity to plan and allocate resources, whereas 10.7 percent of respondents were unsure how to convey this assertion. On the one hand, 51.8 percent of respondents strongly agree that correct performance may be assessed using various techniques such as shareholder value, return on assets, economic value contributed, and so on. On the other hand, 10.7 percent of respondents are unsure about the statement. 53.6 percent of respondents believe that having risk management in place decreases stock price volatility, which increases shareholder value, while 8.9 percent disagree. On the other side, 53.6 percent of respondents strongly believe that ERM increases investor trust, improves capital efficiency, and increases return on equity. 8.9 percent of respondents were unsure about ERM policy. 53.6 percent of respondents strongly agree that customer satisfaction risk exists because the company's procedures do not regularly meet or exceed customer expectations, possibly affecting future profits potential; however, 1.8 percent of respondents disagree with the assertion. 53.6 percent of respondents believe that failure to supervise outsourced activities may result in third parties operating outside of their intended scope of authority or failing to execute in accordance with the company's strategy, objectives, or regulatory requirements. On the statement of outsourcing risks, 14.3 percent of respondents were unsure or did not need to give a view. Management fraud (i.e. purposeful falsification of financial accounts or theft of assets) has a negative impact on the business's reputation and exposes the organization to financial loss, according to 53.6 percent of respondents. 1.8 percent of bank respondents dispute or believe the allegation of management/employee fraud affecting firm performance. When it comes to determining the influence of good risk management on company performance, the majority of respondents agree and strongly agree with the statements supplied in the questionnaire, while just a few disagree and strongly disagree with the claims. In addition, several respondents did not answer because they were unsure what to say or divulge. According to the findings, good ERM policies help businesses to strengthen their values and manage risk effectively, which validates the findings of Lechner and Gatzert (2018). As a result, effective risk management (ERM) techniques are strongly linked to company performance.

4.2.3: To determine how evaluation of effective risk management affect business performance

According to table 4.2.3, 58.5 percent of respondents strongly believe that Management fully analyzes risk when deciding the best course of action. In terms of how ERM affects company performance, the majority of respondents agree or strongly agree with the assertions supplied in the questionnaire; nevertheless, a small number of respondents disagree or strongly disagree with the assertion offered in the statement. 44.6% of respondent strongly agree with statement that the existence of risk and management's recognition of this is appropriately communicated to employees while 8.9% of respondent do not provide response or not sure of what to express. 58.9 percent of respondents strongly agree with the statement that the board is active and has the required managerial, technical, and other competence, as well as the mindset to carry out its oversight tasks. However, 5.4 percent of respondents are unsure about the statement's allegation.On the other side, 57.1 percent of respondents strongly agree with the assertion that the board is proactive in questioning and scrutinizing management's operations, presenting alternative viewpoints, and acting in the face of wrongdoing. 12.5 percent of respondents were unsure about the performance of the board. 53.6 percent of

respondents believe that the statement of standards addresses recruiting, orientation, training, assessment, counseling, promoting, remuneration, and corrective measures in a way that drives desired levels of integrity, ethical behavior, and compliance. However, 10.7 percent of respondents are unsure about the standards and processes in place. 53.6 percent of respondents strongly believe that disciplinary measures send a clear message that expected conduct violations will not be tolerated. While 12.5 percent of those polled reject or strongly disagree with the claim. 48.2% of respondents agree with the assertion that the knowledge and abilities required to execute assigned duties and minimize risks are reflected in the company's personnel base. 10.7 percent, on the other side, do not agree or disagree with the assertion. 48.2 percent of respondents feel that management pays adequate attention to obtaining and keeping the skill levels required to achieve the company's goals and objectives. 10.7 percent of respondents, on the other side, disagree with the assertion. 44.6 percent of respondents agree or strongly agree with the statement that the Company's delegation of authority and responsibility clearly establishes the extent to which individuals and teams are authorized and encouraged to act in order to address issues, solve problems, and capitalize on opportunities. 10.7 percent, on the other side, do not agree or disagree with the assertion. 53.6 percent of respondents strongly agree that the bank is vulnerable to actual loss or opportunity cost as a result of a default or other failure to deliver by a business partner. 10.7 percent of respondents did not answer or were unsure what to say or share. According to the findings, good ERM policies help businesses to strengthen their values and manage risk effectively, which is consistent with the findings of Lechner and Gatzert (2018). As a result, ERM practices review assists management in mitigating risks at both the strategic and operational levels of company concern, therefore influencing decision making.

Table 4.2.3: To determine how evaluation of effective risk management affect business performance

Statement	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
	1	2	3	4	5
	F (%)	F (%)	F (%)	F (%)	F (%)
Management carefully analyzes risk while deciding on the best course of action.	38(58.5)	24(36.9)	3(4.6)		
Employees are informed about the presence of risk and management's acknowledgment of it.	26(46.4)	25(44.6)	5(8.9)	0.0	0.0
The board is active and has the required management, technical, and other competence, as well as the mindset to carry out its supervisory tasks.	33(58.9)	20(35.7)	5(5.4)	0.0	0.0
The board is prepared to examine and evaluate management's actions, to provide alternative viewpoints, and to act when wrongdoing is discovered.	32(57.1)	19(33.9)	5(8.9)	0.0	0.0
Hiring, orientation, training, assessment, counseling, promoting, remuneration, and corrective measures are all part of the standards that drive anticipated levels of integrity, ethical behavior, and compliance.	30(53.6)	20(35.7)	6(10.7)	0.0	0.0
Disciplinary actions convey a clear message that breaking the rules will not be tolerated.	30(53.6)	20(33.9)	2(12.5)	2(12.5)	2(12. 5)
The knowledge and abilities required to accomplish assigned duties and minimize risks are reflected in the compliance of the company's personnel base.	23(41.1)	27(48.2)	6(10.7)	0.0	0.0

Management devotes sufficient attention to obtaining and keeping the skill levels required to achieve the company's goals and objectives.	23(41.1)	27(48.2)	0.0	6(10.)	0.0
The organizational structure of the firm identifies important areas of responsibility and provides accountability.	30(53.6)	20(35.7)	6(10.7)	0.0	0.0
The degree to which people and teams are permitted and encouraged to act to address issues, solve problems, and capitalize on offered opportunities is clearly established by the company's delegation of power and responsibility.	25(44.6)	25(44.6)	6(10.7)	0.0	0.0
Credit and collection risk exposes the bank to real loss or opportunity cost as a result of a default or other failure to perform by a firm with which it conducts business.	30(53.6)	20(35.7)	6(10.7)	0.0	0.0
The risk of system integrity is that systems are subject to manipulation and that data and/or transactions are sufficiently secured against purposeful or unintentional alteration or deletion.	30(53.6)	20(35.7)	3(8.9)	2(5.4)	1(1.8)

Source: Primary Data drawn from question 4 (**evaluation of effective risk management**)

Summary of Findings

The respondents have a high level of education and certification, which allows them to understand the necessity of risk management, but the majority of department employees lack the necessary experience to carry out risk management tasks. Respondents saw banks' inability to provide training and development. Banks have little trouble recognizing and rating their biggest risk. This critical component of the risk management process is aided significantly by constant examination and evaluation of risk management approaches. And banks have had a decent amount of success with the present risk management procedures. Response and monitoring of the efficacy of risk management, according to respondents, is an essential component of routine management reporting and evaluation of the effectiveness of current measures. Finally, respondents agree on the claims that the bank has established risk management standards and that the majority of respondents understand risk management guidelines.

Conclusion

Banking institutions throughout the world can no longer be regarded untouchable. The economic and financial turmoil of the previous four years has focused attention on risk management by banks. As a result, our study looked at this critical problem in the context of banks functioning in the financial industry. The study yielded a variety of results. First, financial managers see risk management as extremely vital and critical to the overall operation of their banks. Second, the most common forms of risk exposures are credit, operational, and strategic risks, not to mention national policies, interest rate, and market risks. Third, existing risk management techniques have a high level of success. Fourth, risk management techniques have changed in response to shifting economic conditions and regulatory changes. The following conclusions are formed based on the findings.

The bulk of the bank's staff are degree holders and highly experienced, helping the bank to speed service delivery and become competitive in the expanding tough competitive market, allowing the bank to fulfill its objective of "Becoming the most desired sector in South Sudan." Banks continue to have more area coverage in the region than other service providers, allowing societal access to money and other bank services such as deposit, transfer, and currency exchange. However, loan growth and customer reputation are not as strong as they should be due to faults identified by most clients and employees in analyzing collateral given, loan processing and approval, and return schedule. Most potential and experienced loan customers leave the bank after acquiring experience and being declared bankable, which is considered as

a factor for evaluation by others and so has a substantial influence on the client's reputation. This issue arises when loans in excess of the branch's discretion are forwarded to the main office for approval. The concerns stem from an underestimate of the properties given as collateral, a long loan processing period, and an undue decrease of loans sought and suggested by the branch. The collecting procedures used by banks so far are acceptable and convenient for most loan clients to manage. Consistent with the ease of collection tactics, most loan clients' payback behavior has improved to the necessary level, indicating one step ahead in the culture of satisfying obligation and dependability. Most loan clients now see loan repayment in accordance with the contract arrangement as both ethical and obligatory. Furthermore, most businesspeople recognize the value of cultivating friendships in the financial sector as a great approach for business growth and success. In all of its credit management activities, the banking industry complies with all of the governing body's directives. As a result, the method of classifying and keeping provisions for non-performing loans is dictated by the National Bank of South Sudan. The bank's default problem is caused by a market problem, an environmental problem, loan diversion, and a policy problem, such as the bank's credit policy regarding loan term and quantity. All of this leads to credit risk, which has a detrimental influence on the bank's financial health, the performance of its clients' businesses, and the economy of the region. Banks' credit analysis and procedures are lengthy and hesitant to approve adequate amounts based on the requisition and intended purpose of the business, necessitating improvement in order to speed up and satisfy loan delivery to clients and become acceptable in the eyes of all existing and potential customers.

Recommendations

Based on the study's findings and conclusions, the following policy implications are proposed for consideration in future intervention methods targeted at strengthening the bank's credit risk management. Banks are advised to develop and implement solutions that will not only reduce the bank's exposure to credit risks but will also increase profitability. Training is seen as a non-essential activity that does not need much attention or resources. There are few, if any, training professionals on the team. As a result, the study advised that banks prioritize risk management training for their employees. Although risk management is the duty of all personnel at all levels, risk management responsibilities must be explicitly assigned to guarantee management accountability for risk control. Banks must make risk visible, quantifiable, and managed, as well as maintain a relevant risk culture across all operations and activities. Banks must maintain a constant monitoring process to guarantee the integrity of risk management controls and systems in order to stay ahead of the competition at all times.

The bank's current loan processing and approval policy is rather cautious, particularly in terms of collateral and analysis. This has a significant impact on the loan growth of the branches in particular and the Bank in general. Since a result, the bank should use a creative approach to loan processing and approval in order to satisfy the loan demand of potential loan applicants and the needed level of loan growth, as it is the banking industry's primary source of income.
The committee-based loan approval and decision-making mechanism, as well as the lending and exceeding limits in both branches and headquarters, are acceptable as a direction for responsible credit management and control. However, it is frequently seen as an obstruction when loans are submitted to head office, resulting in lengthy loan processing and the decrease of loans with little substance, which offends potential applicants. As a result, each branch's lending and overriding limit should be increased, and the head office credit management committee should prioritize large and difficult loans. Furthermore, the head office Management of Credit Committee (MCC) is large and takes an inordinate amount of time to make decisions. As a result, the number should be decreased to three or four executive members. Though the

bank implemented a broad area coverage plan in order to provide simple access for society to the financial sector by building significant branches in all regions, including the region under investigation, it did not follow a strategy that assisted the branches to be functional as required. The establishment of a branch is not an aim in itself. As a result, the bank should provide flexible assistance to the newly created branch in order to achieve the needed loan growth. This should be taken into account in future studies. This thesis author created the evaluation criteria, as indicated in danger. Additional research into refining this set of criteria to make them standard should be beneficial as well. This research study, as well as many publications, emphasize credit risk management techniques solely on lending activity, although credit risk is exposed in other services such as foreign payments by letter or credit or financing programs.

Additional study on credit risk management in these services will be highly beneficial to the financial institution. Another intriguing element is the use of credit derivatives in credit risk management. In certain parts of the world, this is a novel notion. It would be fantastic to examine the analyses and implementations of successful credit derivative instances, as well as the reasons for other cases' failures. This study was conducted in the banking industry as a case study of risk management performance of banks in Juba, South Sudan, focusing on twenty-eight institutions. It has concentrated on credit risk, but there are also other company performance indicators such as profitability, liquidity, and so on. As a result, it is worthwhile to do extensive research in order to solve chronic difficulties and elevate the banking sector's performance in comparison to other financial service providers in the region.

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