Allocation of resources for risk management activities by business organisations in developing countries: Evidence from Zambia

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ABSTRACT

This study evaluates resources allocated for risk management by business organisations (financial and non-financial firms) in developing countries, using Zambia as a case study. Primary data collected from 158 organisations were analysed using MegaStat. The findings revealed that the majority (54.5%) of organisations, especially non-financial institutions, only commit resources to risk mitigation on an Adhoc or post-event basis, while 45.5% showed a budgeted approach. A significant part of the budgeted 45.5% was used for risk management activities, and 54.5% was used for regular daily operations. Despite this variation, all organisations engaged reported a significant expenditure on risk management, at least on Adhoc. At 4 degrees of freedom (df), which was one less than the total number of possible outcomes, a non-parametric test for significance yielded a scientific P-value of 1.57e-0.7, (a numerical magnitude of 0.0014, P< 0.05). This suggests that the correlation and pattern of the findings were not random or by chance, but they carried a statistical significance. The study's main findings demonstrate that some business organisations in Zambia and other developing countries incur significant expenditure with a higher portion of their budgets to respond to risk management needs. Business organisations which do not have formal risk structures do so informally due to pressure from emerging business risks. The findings also indicated that financial institutions in developing countries allocate more resources towards risk management than non-financial institutions. The Phi coefficient (degree of association) was 0.486, showing a moderately significant relationship between the variables (risk management and resource allocation). Business organisations in Zambia and other developing nations must develop sound risk mitigation plans and allocate resources for risk management.

Introduction

The urging motivation of the study arises from the increase in emerging risks that need funding. As more and more technology and business innovations emerge, new risks are coming in at the same rate (Björnsdóttir, Jensson, de Boer & Thorsteinsson, 2022; Gallati, 2022). This increase in exposure calls for a corresponding response to invest in risk management so as to shield the losses exposed (Gallant, 2022; Fadun & Oye, 2020a). However, many organisations do not match the resource allocation needed for managing emerging risk severity and this creates problems that lead to business failure (Cavusgil, 2022). Hence this study- is important because it will reveal the prevailing trends of resource allocation towards risk management and recommend for the best course of action in modern organisations. The study promotes the practice of risk management through funding and brings the benefits that many business scholars have established from sound risk management. Risk management is a task that organisations have attempted to embrace in order to gain benefits. Risk management integration in business organisations helps to reduce volatility in earnings and stock price (Hoyt & Liebenberg, 2011), cost of capital through enhanced credit agency ratings (Farrell & Gallagher, 2015), and leveraging synergies through information sharing (Prewett & Terry, 2018). Resources should be budgeted to integrate and improve risk management in business organisations. Reasonable resource allocation ensures a robust risk management framework in business

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organisations. In Nigeria, Fadun and Oye (2020a) established that bank management needed to devote appropriate resources to understanding operational risk to achieve solid operational risk management and enhanced financial performance. This prompted a need to analyse how organisations in Zambia and other developing nations have responded to allocate resources towards risk management.

Reasonable resource allocation ensures robust risk management in business organisations. The literature is available on the importance of risk management, but there is a gap in explaining why risk management may not be popular or faces challenges in most organisations. Hence, this study examined the level of resource commitment by business organisations (financial and non-financial firms) in Zambia. It focused on the Zambian business environment under the assumption that the chosen firms in the case study environment (Zambia) have similar characteristics to other developing countries, thereby providing a basis for generalizing the research findings for all developing countries. The research objective is to ascertain if a significant proportion of resources in the budget is allocated towards managing risks by business firms in Zambia and other developing countries. The research question addressed in the paper is 'Is there any significant proportion of resources in the budget allocated towards risk management by business organisations in Zambia and other developing countries?'

The remaining part of the paper discusses the literature review, methodology, findings and discussions, hypothesis testing, implications of findings for practice, conclusion and recommendations.

Literature Review

The review of the literature covers the theoretical and conceptual issues surrounding risk management resources and variation. The literature gives a prior background to the general pattern from which objectives and hypotheses were drawn. The first part of the literature review section covers the theoretical and conceptual background before discussing the empirical review of findings in various contexts and a link with the development of the hypotheses.

Theoretical and Conceptual Background

The variation in the use of resources towards risk management was backed up by the contingency theory and the agency information problem theory. In the contingency theory, the primary supposition is that organisations are open systems subjected to internal and external factors which determine the best fit. Hence in a contingency theory, there is no one ideal type that fits all types of organisations and therefore an organisation must achieve a good match between its internal systems such as structure, strategy, controls, management desires, risk functions and the external environment factors such as industry variations, external risk types and exposures (Kulkarni, 2017; Silva & Fernandes, 2019; Mikes & Kaplan, 2014). Figure 1 shows a summary of the contingent theory. The theory supports the fact that since no organisations will be exactly the same, the mix and level of risk management and commitment will not be the same. Hence resource allocation will depend on the internal and external risk factors affecting a particular organisation.
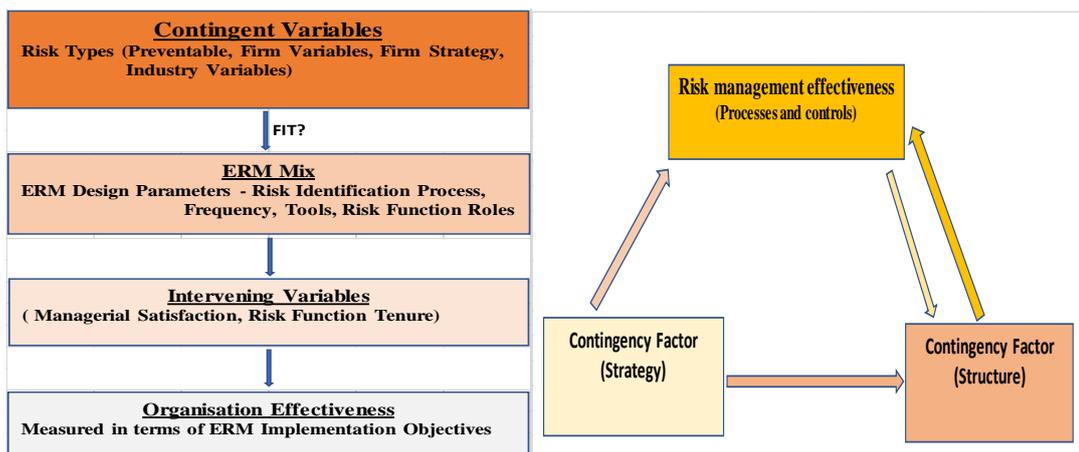

Figure 1: Contingency Theory with Internal and External Modelling; *Sources:* Adapted using Mikes and Kaplan (2014) & Silva and Fernandes (2019) models

In the agency information problem, the assumption is there are two problems that will affect the nature and levels of risk management in any organisation; these are the governance and aggregation problems. The Governance problem is what is sometimes called the agency problem in corporate risk management where agents occupying the role of managers tend to pursue goals with behavioural preconceptions that vary or are essentially not in line with the desires of shareholders who provide capital. While the aggregation problem arises from the incomplete or incorrect information flow between the operatives and the strategic people. This creates a wrong risk profile that is misrepresented causing the organisation to have some risks over-managed and others under-managed. In

the agency problem, The question is whether self-serving managers influenced by behavioural biases would adopt steps for risk management that are to the greatest advantage of the firm's shareholders, hence creating the corporate risk management agency issue (Tufano, 1998; Smith & Stulz, 1985; Jensen & Meckling, 1976).

Hence different managers will have different motives and interests that will determine the commitment of resources towards managing a specific set of risks of their interest or no resources at all. Since no organisation can have the same thinking and attitudes by the managers, it is a theory easily explaining why resource allocation towards risk management is varying across organisations, industries and regions.

Empirical Review and Hypothesis Formulation

The empirical review covers the findings of the research work conducted in many different countries under different contexts.

Importance of Resources Management

Efforts to maximise a firm's value may take various forms. Several factors impact a firm's performance, including environmental uncertainty, competition within and outside the industry, company scale, and the existence of the Board of Directors (Ahmad & Muslim, 2022; Florio & Leoni, 2017; Gordon et al., 2009). According to the resource-based view (RBV) theory, the ability of resources in risk management may be able to contribute positively to the company (Myamba & Nguni, 2022; Penrose, 1959). The company should, therefore, use its best resources in implementing ERM to achieve the best business process to create the company's value (Andersen, 2008; Bailey, 2019).

In Zambia, the risk management system was rated as lowly prioritised for various reasons, indicating that resource allocation in such a lowly placed concept will be undermined (Musonda, 2020; Mwila, 2018). Despite significant progress in risk management within Zambian commercial banks, many business managers still need to recognise the importance of investing in a modern risk management system (Musonda, 2020). Many business managers and their companies have acknowledged the importance of risk management, but they are hesitant to implement it in their organisations (Fadun & Oye, 2020a, 2020b). Commercial bank lending plays a critical role in fueling industrialisation in an economy by encouraging the mobilisation of capital, which greases the wheels of economic production (Harvey, 1991; Tursoy, 2018). However, the credit risk or default risk creates an adverse effect on commercial banks' safe and viable operation. Many commercial banks in Zambia lack proper risk management systems and unable to maintain sound credit risk profiles and are unable to recover loans issued to clients on time(Musonda, 2020; Mwila, 2018). This means they need a robust risk management system, but they need to prioritise it.

Fraser and Simkins (2016) identified several significant challenges faced in implementing ERM. Some of these were a lack of embracing risk culture and a failure to appreciate risk management as a change agent. There is an upsurge in losses borne by banks as a result of insufficient operational risk management strategies and insufficient resource allocation (Fadun & Oye, 2020a, 2020b). Business organisations should allocate sufficient resources towards risk management integration and improvement.

Sound enterprise risk management will help business organisations in Zambia identify and prioritise risks, ensure reasonable resource allocation to mitigate risks, maximise available resources and increase the firm's value (Fadun, 2013; Kaplan & Mikes, 2016; Mthiyane, Huibrecht & Makgopa, 2022; Silva, Silva & Chan, 2019; Zungu, Sibanda & Rajaram, 2018). However, risk managers must overcome pervasive organisational and individual biases that prevent managers and employees from thinking clearly and analytically about their risk exposures during a crisis (Klingler, 2019).

Causes of variations and trends in resource allocation towards risk management

There is an emerging need in Zambia to allocate more resources towards risk management, particularly in the financial sector, to catch up with the global risk management standards. As the country's central bank, the Bank of Zambia oversees the financial institutions. The Bank of Zambia acknowledged the need in February 2022 to keep up with the global trend regarding the full implementation of Basel II and III. This meant that more capital adequacy would be allocated to many investments to cushion the buffer for future risk exposures, which technically means more resources would be maximised through sound enterprise risk management. Zambia lagged with Basel II, compiling only a subset of risk management pillars due to market structure and capacity constraints. The regulator sent a letter to all heads of financial service providers informing them of the activation of specific provisions enacted in the Banking and Financial Services Act (cited as BFSA 2017 as amended).

The Bank of Zambia (BOZ) has embarked on improving risk management in the country's banking and financial sector by issuing revised Capital Adequacy Rules to operationalise the capital adequacy requirements under the new banking and Financial Services Act. These rules introduced aspects of Basel III Capital Standards, which meant that financial institutions (FIs) in the industry would now transition from Basel II to Basel III. BOZ had completed a review of Statutory Instrument No. 184 of 1995, the Banking and Financial Services (Capital Adequacy) Regulations, 1995. These new Capital Adequacy Rules help the Zambian banking and financial services sector to align with the Basel Committee on Banking Supervision's Basel II and III Capital Frameworks. As a result, the regulator recognised needing to catch up in risk management execution requirements that met international standards.

The Bank of Zambia solicited market feedback on the revised draft Capital Adequacy Rules and the accompanying directives by the 25th of March 2022 (BOZ, 2022). The five rules were: Directives on the classification and computation of credit risk-weighted assets (Rule 12); Directives on the classification and computation of market risk-weighted assets (Rule 12); Directives on the classification and computation of operational risk-weighted assets (Rule 12); Directives on the internal capital adequacy assessment process directives (ICAAP) (Rule 20) and Directives on the public disclosure of capital and risk exposures directives (Rule 21).

COVID-19 and other emerging pandemics have highlighted the need for business organisations to allocate resources for risk management. The history of pandemics such as SARS, H1N1, Ebola, Zika, and COVID-19 has demonstrated that pandemic risk is unavoidable (Chen, Chong, Feng & Zhang, 2021). Such a pandemic drives discussions about allocating resources to risk mitigation measures (Chen et al., 2021). Hence, significant resources should be allocated to risk-based activities and projects to ensure a sound risk management framework. Project risk management includes the efficient handling of project risks, according to the findings by Zuo, Zio, and Yuan (2022). Hence, it is necessary to identify the best combination of risk-response actions (RRAs) to reduce project risks (Zuo et al., 2022). In certain situations, project managers should avoid RR resource consumption and cost increases caused by excessive risk response (Zuo et al., 2022). Yaakov, Wang, Meyer and An (2019) study showed that intuitive user decisions to invest resources in risk management are likely to be suboptimal.

Jonek-Kowalska (2022) identified two significant resource determinants, which are (1) resource determinants (i.e., human and financial resources involved in risk management) and (2) process determinants (i.e., the scope and methods of risk management in an enterprise). Jonek-Kowalska (2022) reported that resource allocation towards risk management is an endogenous determinant of risk management effectiveness. Hence, it is only possible to manage risk if funds are budgeted for risk management activities.

Research Hypothesis

The two variables identified in this test are the independent variable (resource allocation) and the explained variable (risk management). The two variables have to be tested for strength of association and statistical significance. The two variables have the endogenous determination of a cause-effect relationship (Jonek-Kowalska, 2022; Zuo et al., 2022; Yaakov, Wang, Meyer & An, 2019). The research hypothesis is stated below with the null and alternative suppositions:

Ho: Business organisations in Zambia do not allocate significant resources for risk management activities.

H1: Business organisations in Zambia allocate significant resources for risk management activities.

Research and Methodology

The research methodology was devised to extract the data that would be sufficient for meaningful interpretation using the approach and analysis method that would create a sound basis for generation and solid conclusions.

Sample and sampling methods

A mixed research technique and a case study design were employed in the research study conducted in Zambia. The quantitative data was collected using a questionnaire, and the qualitative data was collected through interviews. A purposive sampling technique was used to select 158 participants from the population of listed firms (including FIs and NFIs) in Zambia.

Data Collection and model components

Data collection was executed via email-managed instruments after securing consent from the respondents. Those scheduled for interviews were administered via mobile phone due to the pandemic at the time of the research. This mixed method of combining qualitative and quantitative approaches was adopted to achieve triangulation. This concept of triangulation cancels out the disadvantages of each method through an offset. Data analysis was performed using Megastat, which is an automated data analysis tool. It accommodates both parametric and non-parametric measuring abilities suitable for a mixed method.

Variables

The major tenets in the measurements of resource allocation as the independent variable were defined in terms of the budget lines allocated towards risk management, the expenditure planning whether Adhoc, post-event or pre-planned. An organisation was also assessed in terms of the level of prioritisation of risk management among other operational activities and expenses.

Hypothesis testing

The data was analysed in a megastat software and assessed the variables' statistical significance, association and causality. Chisquare was used in this case with a cross-tabulation of variables for testing and a mean value was set below which observation of data patterns were assessed. The next section presents the findings of the data as presented in the figures and tables.

Findings and Discussions

While the study had respondents from different industries and organisation types, the first area of consideration was to analyse the pattern as a whole regardless of the industry. Hence, when all types of organisations were considered, it was found that about 54.5%

had never allocated any resources on their budget lines, whereas 45.5% of those engaged had an expenditure line earmarked for risk management as shown in Figure 2.
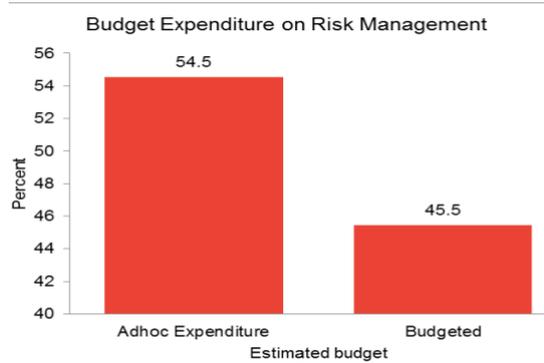

Figure 2: Budgeted Expenditure on Risk Management

Furthermore, a cross-tabulation of all the participating organisations revealed that the financial industry had greater observed values on scheduled spending than predicted when compared to ad-hoc expenditure. Non-Financial and Other enterprises, on the other hand, exhibited an expected value above the actual observed value for budgeted ad hoc spending that was based more on observed than predicted. For a breakdown of risk management spending among organisations involved in risk management, see Table 1.

Table 1: Budgeted vs Adhoc Expenditure on Risk Management

| | | Estimated budget | | |
		Adhoc Expenditure	Budgeted	Total
Financial	Observed	**3**	**3**	6
	Expected	3.27	2.73	6.00
	% of row	50.0%	50.0%	100.0%
	% of column	50.0%	60.0%	54.5%
	% of total	27.3%	27.3%	54.5%
Non-Financial	Observed	**2**	**1**	3
	Expected	1.64	1.36	3.00
	% of row	66.7%	33.3%	100.0%
	% of column	33.3%	20.0%	27.3%
	% of total	18.2%	9.1%	27.3%
Other	Observed	**1**	**1**	2
	Expected	1.09	0.91	2.00
	% of row	50.0%	50.0%	100.0%
	% of column	16.7%	20.0%	18.2%
	% of total	9.1%	9.1%	18.2%
Total	Observed	6	5	11
	Expected	6.00	5.00	11.00
	% of row	54.5%	45.5%	100.0%
	% of column	100.0%	100.0%	100.0%
	% of total	54.5%	45.5%	100.0%

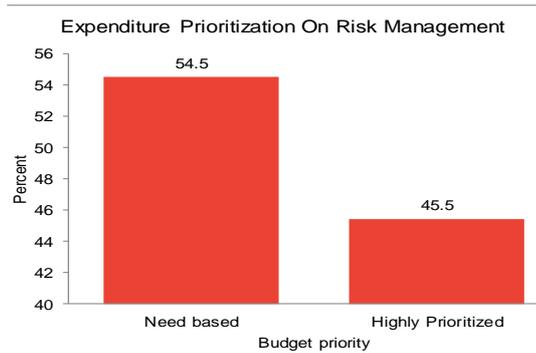|	
.24	chi-square
2	df
.8850	p-value
.149	Phi coefficient
.147	Coefficient of Contingency
.149	Cramér's V

Figure 3: Priority on Budget

All the companies included followed the same trend in prioritising, as 45.5% assigned risk management a high priority in their budget, whereas 54.5% simply accorded it need-based relevance.

The distribution of the findings is presented in Figure 3. Following the establishment of the general distribution of budget priorities and the allocation of expenditure proportion on risk management in the budget, the focus in the hypothesis testing was now on financial institutions as contrasted to other enterprises.

Testing of Hypothesis

Ho: Business organisations in Zambia allocate do not significant resources for risk management activities.

H1: Business organisations in Zambia allocate significant resources for risk management activities.

In this assessment, the connection between two categorical variables had to be compared (The industry type category variable and the resources allocated in the budget). Chi-Square analysis was used to evaluate links between these categorical variables, with the null hypothesis of the Chi-Square test being that no link exists between the categorical variables in the population; or that they are independent. Otherwise, the results obtained are statistically significant. In this case, a p-value between 0 and 1 indicates statistical significance. According to traditional thinking, the lower the p-value, the more evidence there is to reject the null hypothesis. A p-value greater than or equal to 0.05 is regarded as non-statistically significant and indicates strong support for the null hypothesis (Shrestha, 2019); otherwise, the null hypothesis will be rejected. A summary of the resource allocation towards risk management is presented in Table 2.

Table 2: Resource Allocation towards Risk Management

			RESOURCES TO RM		
			Significant	Not significant	Negligible	Total
INDUSTRY	Financial	Observed	**43**	**20**	**3**	66
		% of row	65.2%	30.3%	4.5%	100.0%
		% of column	69.4%	28.2%	12.0%	41.8%
		% of total	27.2%	12.7%	1.9%	41.8%
	Non-Financial	Observed	**12**	**30**	**9**	51
		% of row	23.5%	58.8%	17.6%	100.0%
		% of column	19.4%	42.3%	36.0%	32.3%
		% of total	7.6%	19.0%	5.7%	32.3%
	Other	Observed	**7**	**21**	**13**	41
		% of row	17.1%	51.2%	31.7%	100.0%
		% of column	11.3%	29.6%	52.0%	25.9%
		% of total	4.4%	13.3%	8.2%	25.9%
	Total	Observed	62	71	25	158
		% of row	39.2%	44.9%	15.8%	100.0%
		% of column	100.0%	100.0%	100.0%	100.0%
		% of total	39.2%	44.9%	15.8%	100.0%

37.28	chi-square
4	df
1.58E-07	p-value
.486	Phi coefficient
.437	Coefficient of Contingency
.343	Cramér's V

Table 2 shows a cross-tabulation from a chi-square analysis to highlight the distribution of the various firms participating in their budgetary allocation for risk management. Table 2 reveals that 65.2 % of financial institutions devote considerable resources to risk management, 23.5 % of institutions devote significant resources to risk management, and just 17 % of other categories devote significant resources to risk management.

 With 4 degrees of freedom (df), the *P-value is 1.57e-0.7 and 0.0014 (P < 0.05), the null hypothesis was rejected, and the alternative hypothesis* (which states that Significant budgeted resources budgeted are allocated for risk management activities by business organisations in Zambia) was accepted. This suggests that a significant proportion of budgeted resources of business organisations in developing countries are allocated for risk management activities.

The *Phi coefficient's result,* which measures the degree of association, is 0.486. This means that there is a moderately strong association between variables, and *Cramer's V statistic is 0.343,* which falls in the moderately associated category by conventional standards (Phi, Cramer's V).

Qualitative Assessment of Interviews Data

Most non-financial institution respondents responded that they rarely dedicate resources to manage risk in their organisations unless there is a compelling rationale or strong need to do so, but only on an ad hoc basis.

Some of the interviewees' verbatim replies were as follows;

Question: How much resources from your organisation's budget are allocated toward risk management?

Interviewee 2 (Male, 38 Senior Management): "*Much is allocated if necessary but there is*

no standard" ……… The expenditure is done when we see the need. (From Non-

financial Institution).

Interviewee 8 (Male, 48 Director): "*No specific budget line for risk management………*

expenditure is done as part of activities on the market, training and managing the

changes …. Can go up to "about 30% of the budget" (From Non–Financial

Institution).

While essentially all financial institutions were explicit in their budget allocation, one interviewee stated that "*We allocate about 15% of our total yearly allocation" (From Financial Institution,* Interviewee 3, Female 36, Senior Management**).**

Findings and Discussions

The interview sessions' findings demonstrated that allocation's value did not differ across financial and non-financial firms. The findings indicated that financial institutions in developing countries allocate more resources towards risk management than non-financial institutions. However, the motive was more mandatory in financial and non-financial institutions. It is worth noting that one of the NFIs reported double allocation (30%) than a FI (15%); the difference is that a FI has a set amount while an NFI has no particular what decides the requirement at the moment. A noteworthy characteristic is the purposeful inclusion of a line in the budget that covers risk management costs.

These findings agree with the observed pattern in the literature and other empirical findings. As business crises increase, organisations subconsciously embark on risk management across all industries. Some sectors, such as agriculture and new business start-ups, are receiving funding support to mitigate risks while rules force others. Matthews, Salvatici, and Scoppola (2017) found that while funding for risk management through groups such as the EU budget was restricted, member states nevertheless offered help from their resources under the general guidelines for state aid. Insurance plans and disaster relief were among the types of assistance provided. This explains why the share of financing for risk management is higher than the number of people with formal risk management. This finding is also consistent with the accepted contingency theory in the theoretical framework. Jankensgrd (2019) pioneered the agency information problem, recognising that contingency theory is crucial in contemporary risk management because it tries to find alternative design features that could explain the significant observed variability in how ERM is used.

However, the results were different when the research question and objectives were changed to focus on financial institutions rather than the overall picture. A cross-tabulation was performed between all of the categories of companies included and the method of expenditure – whether budgeted or ad hoc – and it was discovered that firms in the financial sector had greater observed values on budgeted than predicted ad hoc expenditure. Non-Financial and Other enterprises, on the other hand, demonstrated an expected value above the actual observed for planned more observed than predicted ad hoc spending. The distribution of findings is presented in Table 2.

 This observed trend demonstrates that financial institutions are more thoroughly integrated into projected risk management spending than non-financial or other firms, which are more likely to spend on Adhoc or after the risk has crystallised. As a result, the objective's

conclusion that a considerable amount of budget resources are committed to risk management by financial institutions in developing countries has been validated as positive. According to Tursoy (2018), financial organisations (including banks and insurance companies) are hazardous companies which frequently handle those risks as part of their everyday operations. This explains the observed pattern of financial institutions such as banks registering a significant proportion of their resources on RM because they are concerned about potential risk difficulties and are constantly working to improve the risk measurement system (Abbas, Haider, Zainab, Hassan, & Fazal, 2018).

Implications of Findings for Practice

The findings have far-reaching implications since they enable all organisations to allocate considerable funds to risk management to incorporate exposure mitigation programs. This implication is that businesses must have a budget line for risk management operational and capital expenditures. The corpus of research has provided a window to explore how much value funds allocation towards risk management will have in different situations and stages of business maturation. There is a need to investigate how much value is allocated to resource allocation when the organisation is at essential risk management or has no risk management program at all vs when it has a current comprehensive system. The research objective has helped meet the requirement of the doctoral degree programme per the procedure.

Conclusion

Despite many businesses not having a formal risk management structure in the firm, pressure from risk triggers forces many organisations to spend on managing risk. On average, there is a significant portion of resources on ad-hoc or secured in the budget towards risk management integration. Almost all institutions showed a severe response to resource expenditure, but a limited number were able to afford the initial allocation. The implication is that it essential for business organisations to allocate significant resources (including funds and manpower) towards risk management to incorporate mitigation programs on risk exposures.

The findings demonstrated that financial institutions in Zambia and other developing countries devote a substantial percentage of their budget to risk management. The research also found that organisations other than financial institutions devote significant money to risk management after the risk has materialised. This was demonstrated by some organisations that indicated risk management or some version of it as a resource allocation was higher than the number of organisations with a formal risk structure. As a result, even if many organisations do not have a formal unit devoted to risk management, they manage it informally and invest money to reduce potential risks, especially after responding to emerging dangers. This implies that all businesses must have a budget line for risk management operational and capital expenditures.

The hypothesis was tested at 4 degrees of freedom (df) and produced a P-value of $1.57e^{-0.7}$ (scientific notation equivalent to 0.0014), which was significantly less than the acceptance criterion (P 0.05). The conclusion on the supposition gives us a directive to reject the null hypothesis and accept the alternative hypothesis that the figures are not random and that there is a significant proportion of resources in the budget allocated to risk management by financial institutions in developing countries. The Phi coefficient (degree of association) of 0.486 revealed that the variables were associated moderately. Based on these findings, organisations must dedicate appropriate budgetary resources to assist in deploying risk management tools, frameworks, and a comprehensive risk management implementation plan.

One of the most significant obstacles to adopting risk management in a typical organisation includes a lack of funding (Fraser & Simkins, 2016). Organisations should prioritise resource allocation for RMI to overcome the obstacles that make it difficult for others to justify spending on risk management concerns. Therefore, it is beneficial for business organisations in Zambia and other developing countries to allocate significant resources for risk management integration.

Recommendations

Many exposures undermine the sustainability of business organisations in developing countries. Hence, business organisations (financial or non-financial enterprises) in Zambia and other developing countries must consciously set up risk mitigation plans and allocate resources. It is recommended that organisations allocate reasonable budgetary resources to allow the deployment of risk management tools, frameworks, and a thorough risk management implementation plan in Zambia. Organisations should allocate resources to control risks within their domain even before the regulator implements such requirements.

Organisations should prioritise RMI resource allocation to overcome the problems that make it difficult for others to justify the spending on risk management concerns. Moreover, mitigating strategies would necessitate the availability of resources since lack of financing was identified as one of the most significant issues of adopting risk management in a typical Organisation (Fraser & Simkins, 2016). The Organisation's measure of RMI support is how filled the budget line holding resources for risk management implementation.

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