

Analysis of the Risk Management Practices in Namibian Commercial State-Owned Enterprises (cSOEs)

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Abstract

Risk management is a crucial component for the operational effectiveness and long-term viability of organisations. Effective risk management improves business performance and sustainability. Considering the vital role of commercial state-owned enterprises (cSOEs), these entities' risk management process must be conducted effectively to enhance risk identification, assessment, control, and mitigation.

An exploratory quantitative survey was conducted to understand the risk management process in Namibian cSOEs. A simple random selection of 82 participants from seven commercial companies was used. The survey also outlined some risk management challenges encountered in these organisations.

The study findings indicate that many cSOEs in Namibia follow a structured and formal risk management approach (73.2%), with risk assessments conducted quarterly (63.4%). Furthermore, risk managers or departments in most enterprises are primarily responsible for risk management (59.8%). Namibian cSOEs are most prone to operational risks (87.8%), followed by financial and compliance risks (52.4%). These entities face challenges such as a lack of risk awareness (30%), a lack of trained personnel in risk management (28%), and a lack of adequate risk management tools (15.9%), among others.

To improve their risk management processes, cSOEs must allocate more funds to risk management. This includes funding staff training and acquiring risk management tools for effective risk control. Namibian cSOEs should also establish or introduce risk management committees within their organisations to ensure proactive risk mitigation rather than merely addressing risks after they manifest.

Finally, cSOEs need clear risk management guidelines to enable quick and informed responses, thereby avoiding disruptions to essential government services. The complexity of risk management in state-owned enterprises necessitates a strong focus on maintaining operational efficiency, financial stability, and adherence to regulatory standards.

Keywords: Risk management, commercial state-owned enterprise, Namibia, sustainability

1. Introduction

1.1 Background

The principal function of risk management (RM) in enterprises is to improve decision-making processes. Through the systematic identification, evaluation, and mitigation of risks, enterprises can make informed decisions that align with their strategic goals (Tan & Lee, 2022). Establishing a practical RM framework

is crucial for organisations as it facilitates aligning their RM processes with strategic objectives. A robust RM process enables an organisation to anticipate unexpected disruptions and formulate contingency plans, thereby preserving its operational continuity and financial stability (Masama, Bruwer & Gwaka, 2022; Domnikov et al., 2015; Domnikov et al., 2014).

This proactive approach is particularly essential in industries like energy and utilities, where the consequences of operational failures can be significant for the organisation and the broader society it serves (Rasli et al., 2017). However, this does not diminish the importance of RM in other sectors, as RM is crucial for maintaining compliance with legislative norms and requirements. Commercial state firms, such as public entities, must adhere to numerous legal and regulatory obligations that demand stringent scrutiny and accountability (OECD, 2016). RM strategies enable organisations to comply with standards, minimising the risk of legal penalties and enhancing their reputation (Allen & Alves, 2016).

Risk management systems can improve governance and transparency, essential for maintaining public trust and confidence (Njenga, 2023; Allen & Alves, 2016), as well as financial oversight and sustainability. By employing risk-oriented strategies, commercial state enterprises can manage their financial resources, optimise capital allocation, and improve market competitiveness (Domnikov et al., 2015; Domnikov et al., 2014). This is especially relevant in public-private partnerships (PPPs), where the financial sustainability of projects often depends on efficient risk-sharing frameworks between the public and private sectors (Jing et al., 2018).

Due to the commercial nature of these state enterprises, these organisations must remain focused on improving their performance and profitability, thereby enhancing their long-term viability. Government companies are susceptible to illicit activities, including money laundering and corruption, due to the limited oversight or control from the government (Weylandt, 2016). This makes stakeholder involvement in the activities of state companies crucial for transparency purposes. The influence of stakeholder perceptions on risk governance is, therefore, significant.

Understanding stakeholder perceptions of regulatory framework effectiveness can provide valuable insights into the strengths and weaknesses of current policies (Shanapinda, 2015). Furthermore, involving stakeholders in the risk governance process ensures the consideration of multiple perspectives, leading to more inclusive and effective RM approaches (Renn, 2015). This investigation aimed to understand how risk management is conducted in cSOEs and identify some of the challenges these entities encounter

1.2 Statement of the problem

Namibia has approximately 22 registered commercial State-Owned Enterprises (SOEs), excluding those that have been liquidated, such as Air Namibia and the insolvent Road Construction Company (RCC). Namibian commercial SOEs are mandated to generate revenue while supporting national development objectives (Weylandt, 2017). Marenga (2020) states that the government establishes these entities to achieve social and economic goals. They operate in critical sectors, including energy, transportation, telecommunications, agriculture, education, fisheries, tourism, health, aviation, mining, and financial services.

Given the diverse nature of these industries, commercial SOEs face a range of risks, including financial, operational, strategic, compliance, and reputational risks. The Namibian government exercises significant control over these entities, from leadership appointments to long-term viability (Weylandt, 2016). However, this dual mandate introduces complexities that necessitate robust risk management systems. Namibian cSOEs have been associated with reputational damage, maladministration, corruption, and a lack of transparency and accountability (Weylandt, 2017; Marenga, 2020). These issues have led to

bankruptcy, operational disruptions, and increased risk to public funds, particularly for cSOEs in the finance sector.

Effective risk management is crucial for Namibian commercial SOEs to maintain public trust, promote sustainable growth, and prevent financial distress, given their substantial impact on the national economy (Marenga, 2020). The specific approach to risk management may vary across different cSOEs, depending on factors such as industry sector, risk management expertise, organisational size, and available resources. Based on the above data, RM plays a crucial role in organisations of all types and various operational contexts. Prior studies have explored the importance of RM primarily in commercial companies, highlighting how it significantly contributes to the economy of the country (Mohuba, 2023). Therefore, this study analyses RM practices in commercial state-owned companies in Namibia.

2. Literature Review

2.1 Risk Management Process

Risk management is a critical process that enables organisations to identify, evaluate, and mitigate potential risks that could impact their operations (Settembre-Blundo et al., 2021). Robust risk management practices are essential for commercial companies, regardless of whether they are state-owned or private. Commercial enterprises play a pivotal role in providing essential services and driving economic growth (Weylandt, 2016). However, they are exposed to a wide range of internal and external risks, including financial uncertainties, operational inefficiencies, regulatory compliance challenges, and market fluctuations.

Therefore, robust risk management practices are necessary to navigate the complexities of both public accountability and commercial viability. Corrales-Estrada et al. (2021) argue that commercial enterprises must ensure business continuity, enhance performance, and safeguard their assets by proactively identifying and addressing potential challenges through effective risk management. Integrating risk management into financial planning can help organisations manage economic uncertainties and market changes, thereby contributing to long-term sustainability (Arena & Arnaboldi, 2014).

Given the increasing prevalence of climate change and environmental hazards, state-owned enterprises are increasingly recognising the need to incorporate climate risk assessments into their risk management frameworks. This involves understanding the potential impacts of climate-related events on operations and developing adaptive strategies to mitigate these risks (Agrawala et al., 2011). By implementing such measures, commercial state enterprises can enhance their resilience and contribute to broader sustainability goals, aligning their operations with national and global climate targets. Due to the significant roles played by commercial state companies in the national economy, it is imperative to maintain their viability to ensure they can fulfil their mandates.

The process of risk management in most Namibian cSOEs is derived from international frameworks such as ISO 31000:2018, a globally recognized risk management standard (Sinaga et al., 2023). These practices typically involve identifying hazards, assessing their likelihood and impact, and developing strategies to mitigate risks. Similar to other countries, risk-related studies are often focused on the financial sector, neglecting other operational areas (Settembre-Blundo et al., 2021). Following the international risk standard ISO 31000, Namibian commercial cSOEs have developed capacities in risk identification, assessment, mitigation, and monitoring. As Settembre-Blundo et al. (2021) noted, risk management is crucial during uncertain times, protecting organisations from impulsive and erroneous decisions, and enhancing their flexibility and resilience.

The global disruption caused by the COVID-19 pandemic significantly impacted individual companies and the entire economic sector, prompting questions about the need for a paradigm shift towards a more sustainable future, encompassing environmental, social, and economic factors (Settembre-Blundo et al., 2021). While limited research exists on risk management in Namibian commercial cSOEs, the current situation suggests that most, if not all, have established risk management processes (Deloitte, 2020). The risk management process typically involves four stages: risk identification, assessment, mitigation and control, and monitoring. The initial stage of risk identification in most cSOEs focuses on categories such as financial, operational, market, and compliance risks. However, the process of risk identification may vary across entities, depending on their size and industry.

A notable omission in many cSOEs is the consideration of reputational risk, despite their involvement in corruption and malpractice issues (Limbo, 2019). cSOEs have established risk identification checklists to record risks and their severity. According to ISO 31000:2018, organisations should identify risks, assess their severity, potential causes, likelihood, and responsible parties. Following the ISO 31000:2018 risk management process, Namibian cSOEs conduct a risk assessment to evaluate the potential impact and likelihood of identified risks. High-impact risks, such as those related to service delivery disruptions, are prioritized for immediate mitigation. Mitigation measures are then implemented, and the effectiveness of these measures is assessed.

The mitigation and control stage involves developing strategies to manage identified risks. This may include implementing new policies to ensure regulatory compliance, increasing investments in infrastructure maintenance, or diversifying supply chains (Maseke & Swartz, 2021). For example, Namwater, operating in the agricultural sector, may allocate resources to enhance water infrastructure to reduce the risk of water scarcity or contamination. Similarly, the Namibian Institute of Pathology, in the healthcare sector, ensures the maintenance of clinical laboratories by providing necessary testing equipment, reagents, and consumables to prevent disruptions in the testing process.

The final stage of the risk management process involves monitoring the effectiveness of implemented mitigation measures and reporting on their status. Risk monitoring and reporting are crucial to ensure continuous oversight of risks. Boards of directors and other stakeholders are informed about the results of regular risk assessments and audits. In some organisations, accountability measures are implemented to hold individuals responsible for any failures.

Risk management oversight is typically assigned to a dedicated risk management committee or a risk officer, involving middle- to senior-level managers and board members. The involvement of the board of directors ensures timely updates to risk management strategies and the mitigation of emerging risks (Deloitte, 2020). While some organisations have established risk committees, many rely on risk officers or managers to ensure that risk management practices align with organisational strategic objectives and adhere to national governance frameworks and ISO 31000 standards.

2.2 Importance of Risk Management in cSOEs

Commercial enterprises, whether public or private, play a crucial role in any country's economy (Weylandt, 2016). Their primary objective is to generate value and profit, making risk management an essential component of their management practices. By understanding and mitigating potential risks, these enterprises can ensure their continued operation and success. Commercial SOEs face unique challenges, including government regulations and potential political interference (Dubihlela & Boamah, 2024; Kamuinjo, 2021). Political interference can negatively impact performance, transforming cSOEs from

assets to liabilities (Kamuinjo, 2021). Effective risk management is crucial for these entities to navigate difficult economic climates and maintain control over their operations (Fenghua et al., 2021).

The Organisation for Economic Co-operation and Development (OECD, 2016) emphasizes the importance of strong risk governance for cSOEs, which can be achieved through effective corporate governance practices. Namibian commercial SOEs play a pivotal role in the country's economy, providing essential services and managing significant public assets. Any disruptions or inefficiencies within these organisations can have a significant impact on the broader economy and public welfare. Therefore, robust risk management is essential for their financial stability and the fulfilment of their social obligations. By establishing sustainable development objectives and implementing effective risk management practices, these cSOEs can mitigate challenges such as financial constraints, corruption, and maladministration.

Through effective risk management, cSOEs can identify, assess, and prioritize risks that could impact their operational and financial performance. Effective RM enables organisations to implement strategies to monitor the impact of potential risks and integrate them into strategic and operational planning, improving decision-making processes (Dubihlela & Boamah, 2024). By adhering to legal and regulatory requirements, effective RM minimises the risk of legal disputes or penalties (Wen, Li, Sha & Shao, 2021). It also demonstrates responsible governance and stewardship of resources, fostering public confidence. Moreover, effective RM increases stakeholder confidence, attracting investors and sponsors to state-owned enterprises.

Ultimately, effective RM processes contribute to improved performance, value, and profitability (Maseke & Swartz, 2021). Public confidence in state-owned enterprises is enhanced by transparent and accountable practices. Transparency and accountability contribute to an organisation's reputation, as stakeholders gain confidence when they understand the organisation's operations and leadership behaviours (Deloitte, 2020). Risk management within Namibia's governmental institutions requires a comprehensive approach that addresses health, urban planning, catastrophe risk mitigation, and stakeholder participation (Kamuinjo, 2021). By fostering intersectoral collaboration and implementing risk performance management systems, Namibia can strengthen its resilience and promote public welfare.

However, state entities face numerous challenges that may hinder effective risk management implementation (Renn, 2021). These challenges, often systemic and arising from rapid technological, economic, and societal changes, can surpass conventional risk management approaches (Arsic, 2021). Technology, while complex and impactful, often receives insufficient attention in risk management. The increasing frequency and severity of systemic risks, including natural disasters and cyberattacks, pose significant challenges for organisations in developing effective risk management strategies (Arsic, 2021).

2.3 Challenges in Risk Management for Namibian cSOEs

While Namibian commercial SOEs have made progress in implementing risk management strategies, they continue to face numerous challenges, including a lack of capacity, expertise, and adequate resources. Effective risk management requires specialised expertise, which is often lacking in many cSOEs (Deloitte, 2020). Additionally, human resource challenges, such as difficulty attracting and retaining qualified experts and employee resistance to change, hinder the implementation of effective risk management (Limbo, 2019).

External factors, such as economic instability, fluctuating commodity prices, and evolving regulations, also pose significant risks to commercial SOEs. Industries like finance and energy are subject to frequent regulatory changes, making staying informed and adapting to new requirements challenging (Wen, Li, Sha & Shao, 2021). Moreover, as state-owned entities, cSOEs are often subject to political pressure, which

can influence decision-making and prioritise short-term political objectives over long-term risk management strategies (Temel & Durst, 2021). Financial constraints limit the ability of cSOEs to allocate resources to risk mitigation strategies, such as infrastructure upgrades and technological innovations. Fluctuating global market conditions, particularly in sectors like energy and transportation, exacerbate financial risks.

Additionally, bureaucratic procedures and a lack of accountability within large cSOE structures hinder effective risk management and delay the implementation of necessary measures. Like many other state entities, commercial SOEs face resource constraints that limit their ability to invest in risk management tools, training, and expertise (Deloitte, 2020). Due to financial limitations, these often-unprofitable entities (Weylandt, 2016) may prioritise short-term risks over long-term ones (OECD, 2016). Additionally, a lack of transparency in information systems hinders timely risk identification and mitigation (Weylandt, 2016). Deloitte's 2020 report highlighted the limited involvement of board members in risk-related activities and meetings. This lack of engagement can negatively impact timely decision-making, particularly during crises like the COVID-19 pandemic.

Weylandt (2016) emphasises the role of risk management in addressing corruption, which can lead to poor adherence to policies and regulations and erode public trust. Organisations should establish risk committees or appoint risk auditors to mitigate these risks. However, Deloitte's 2020 survey revealed that 10% of Namibian state-owned entities lacked oversight mechanisms.

3. Methodology

3.1 Research method

This study employed a quantitative, exploratory research design to analyse risk management practices within Namibian cSOEs. Data were collected from 82 participants employed across seven cSOEs. Participants were selected using a simple random sampling technique. A quantitative survey questionnaire was disseminated electronically via Google Forms. Participants were provided a link to the questionnaire and encouraged to share it with their colleagues in their workplaces. While there are over 22 registered cSOEs in Namibia, the final sample included participants from only seven of these entities.

This investigation addressed the following two questions:

1. What RM practices are currently implemented in Namibian cSOEs?
2. What are the challenges cSOEs face in their RM process?

3.2 Data analysis

Data analysis was conducted using Microsoft Excel. Descriptive statistics, including frequencies and percentages, were used to summarise the data. Charts and graphs were generated to visualise key trends and patterns. The analysis addressed the research questions regarding current risk management practices within cSOEs and the challenges faced in implementing those practices.

4. Results

The study involved 82 participants, as indicated in Figure 1, with an age group category in Figure 2. This study investigated the current risk management process and the challenges of RM being experienced in seven participating cSOEs in Namibia. The overall findings of this survey indicate that these commercial companies are following the traditional way of risk management. The process includes the five steps of RM: risk identification, risk assessment, risk identification, risk control and mitigation.

Table 1: Gender Distributions of the Participants

Gender	Number (Percentages %)
Female	38 (46.3)
Male	44 (53.7)

Male participants slightly outnumbered female participants in this study (Males n = 44, 53.7% vs. Females n = 38, 46.3% Females), as shown in Table 1.

Table 2: Participants Age group

Age	Count	(%)
20 -29 years	16	19.5
20 -30 years	2	2.4
30 - 39 years	24	29.3
40 - 49 years	24	29.3
40 - 50 years	10	12.2
50 - 59 years	6	7.3

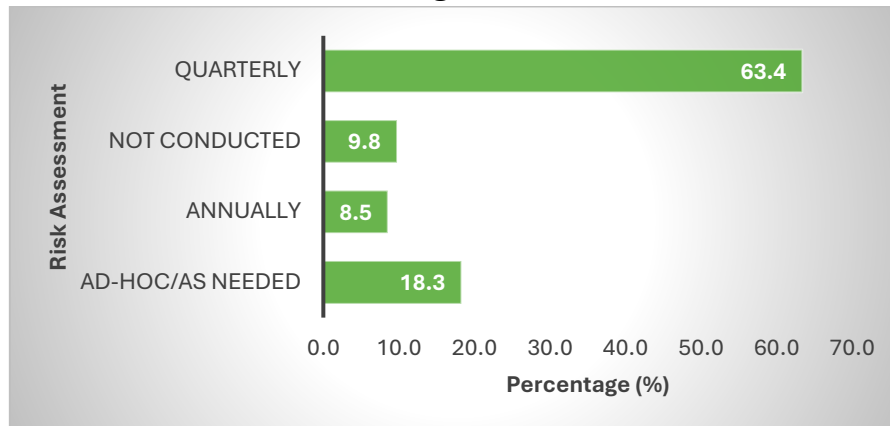
Table 2 illustrates the age distribution of participants. The largest age group was 30-49 years (n = 24, 29.3%), followed by 20-29 years (n = 16, 19.5%). The 50-59 age group comprised 7.3% of participants (n = 6). The smallest age group represented was 20-30 years, with only 2.4% of participants (n = 2).

Table 3: Overall RM process in Your Organisation

How would you describe the overall risk management structure in your organisation?	Number of Counts	Percentages (%)
Formal and structured	60	73.2
Informal and ad-hoc	20	24.4
No defined framework	2	2.4

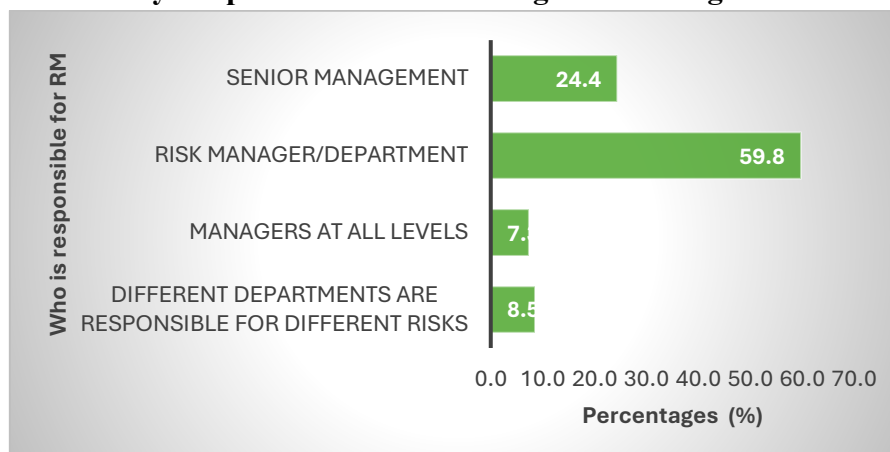
Table 3 indicates a clear contrast in risk management practices among Namibian cSOEs. According to the current findings, a substantial majority (n = 60, 73.2%) follow a formal, structured process, while a notable minority (n = 20, 24.4%) rely on informal, ad-hoc methods. Critically, 2.4% (n = 2) report having no defined risk framework or process within their organisations. Based on the findings, the majority of organisations have implemented a formalised RM structure. However, a small number of organisations still lack a structured RM plan and need to establish a comprehensive RM strategy to effectively control risks. This suggests that some commercial state companies in Namibia currently operate without a formal risk management plan or strategy, which makes them susceptible to the impacts of unmanaged risks. Considering how often these government entities are conducting their risk assessment, figure 1 below shows that the majority of organisations are conducting their risk assessment on a quarterly basis.

Figure 1: How Often Does Your Organisation Conduct Risk Assessments?



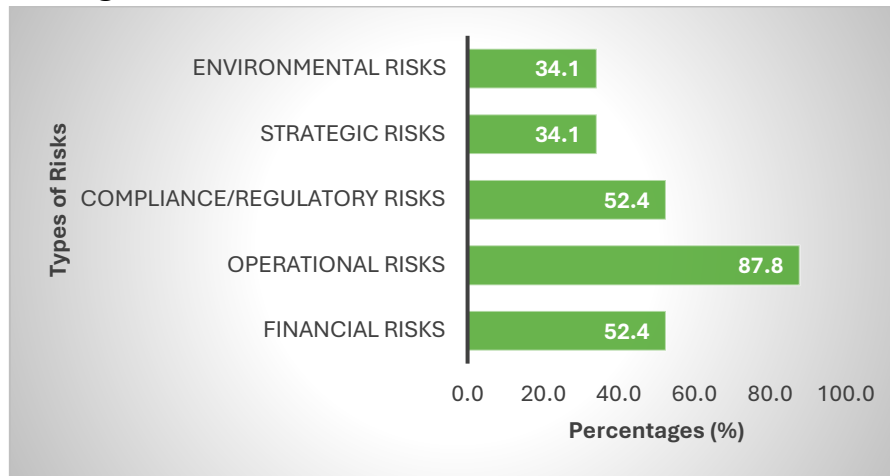
This means that the risk assessment process in Namibian commercial state-owned enterprises (cSOEs) is primarily conducted quarterly ($n = 52$, 63.4%) (Figure 1). A significant portion ($n = 15$, 18.3%) reported ad-hoc or as-needed risk management. A smaller percentage indicated no risk management ($n = 8$, 9.8%), while others reported annual risk management ($n = 7$, 8.5%). The recorded number of organisations that either do not conduct risk assessment and those that perform it annually may be not significant but worth understanding why risk assessment is not done or is done once a year. Conducting risk assessment should be a frequent practice to avoid risks to repeat and reduce the impact of risks. This improves the overall RM process in the organisation, enabling organisations to easily establish their risk appetite and tolerance levels.

Figure 2: Who Is Primarily Responsible for Overseeing Risk Management in Your Organisation?



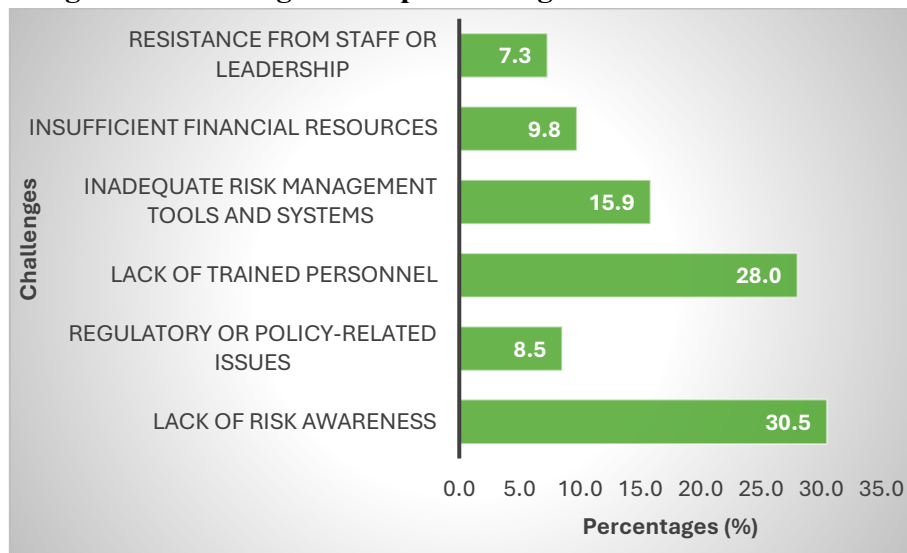
Current data reveals that a majority of cSOEs delegate risk assessments to their RM department or a designated risk manager. Figure 2 illustrates that 59.8% of respondents ($n = 49$) identified RM departments or risk managers as responsible for the risk management process. Senior managers were reported as solely responsible by 24.4% ($n = 20$), while 8.5% ($n = 7$) indicated departmental responsibility, and 7.3% ($n = 6$) cited managers at all levels as responsible for RM. Having a majority of the organisations with risk officers or risk managers, indicates how most of Namibia's commercial enterprises are ready to enforce RM in their organisation. Having a separate department that deals with risks makes the process of risk control more easier and also increases timely response to risks.

Figure 3: The Most Prevalent Risks in Namibian cSOEs?



The findings of this study, as illustrated in Figure 3, highlight a clear dominance of operational risks among the seven participating commercial state-owned enterprises (cSOEs) ($n = 72$, 87.1%). This means that many of the organisations are concentrate mostly on managing risks that may affect their day-to-day operations. However, some other risks such as risks related to finance and compliance/regulatory may represent a substantial portion ($n = 43$, 52.4%) but remain crucial to the organisation's survival. Lastly, while environmental and strategic risks were reported least frequently ($n = 28$, 34.1%), environmental risks may not be frequent in but remain a concern as the impacts are usually severe.

Figure 4: Challenges of Implementing an Effective RM Process



The challenges affecting these entities' RM processes, as indicated in Figure 4, are a clear indication of how different state entities are experiencing different challenges when it comes to RM. The most significant challenge was a lack of risk awareness (30.5%, $n = 25$), followed by a lack of risk-trained staff (28.0%, $n = 23$). Inadequate RM tools and systems were reported by 15.9% ($n = 13$). Further challenges included insufficient financial resources (9.8%, $n = 8$) and resistance from colleagues (8.5%, $n = 7$).

5. Discussion of Findings

According to the current survey findings, cSOEs in Namibia are following a formal and structured RM process that is done quarterly. This means that these organisations follow a formal form of RM that includes the four steps of RM. This proactive process ensures that risks are identified, assessed, mitigated, controlled and monitored to minimise the risk of them occurring. However, some entities still follow the ad hoc RM process, risking their organisations to potential threats. Ad hoc RM may be working for small entities. However, the process may not be suitable for commercial entities because they are involved in critical government projects such as health, security and agriculture. According to NamCode, as cited in Deloitte (2020), a state company's risk management strategy team must be proactive to guarantee that risks are adequately evaluated and controlled.

The NamCode further delineates three lines of defense for risk management, specifically the line management, risk experts, and assurance functions. The findings also show that many commercial SOEs follow the formal and structured RM process (Table 3) that is done every quarter (Figure 1). According to the current findings, a few organisations still do not have a formal process of RM, making it difficult to rate their RM process. Namcode, as quoted in Deloitte (2020), underscores that risk management must be seen as a fundamental component of the company's strategic and operational activities. Therefore, the board is accountable for risk management and must focus on several specific risks, including reputational risk, sustainability risk, IT risk, and the risk of the unknown.

According to this study's findings, most participants indicated that their RM process is headed by risk departments, risk managers, or just managers. This means there are still cSOEs that do not have risk officers or a dedicated risk manager/department that deals primarily with RM (Figure 2). Most of the participants in this study indicated that they are more faced with operational, financial and compliance risks (Figure 3) other than other types of risks. Operational risks topping 87.8% mean that employees are more concerned about their day-to-day operational challenges. These are risks associated with people, systems, finance, process, strategy, and external events. Even though operational risks cannot be prevented, risk mitigating measures need to be in place to avoid them repeating over and over and reduce their impact on business operations (Nimmy et al., 2022).

Considering the some of the challenges of RM, such as limited resources and qualified personnel in many of these entities, this may have contributed to the lack of dedicated RM departments in most of the cSOEs in Namibia. This is why cSOEs need to create revenue streams to train staff on RM and establish risk-specialised departments. The survey by Deloitte is an eye-opener that calls on cSOEs to build capacity by investing in risk-related training and development to create their own RM professionals. Having qualified risk personnel is a requirement for any organisation. It is evident from the findings of these investigations that there is a lack of qualified risk staff and inadequate risk awareness programs within the cSOE in Namibia (Figure 4). Enhancing internal capacity enables cSOEs to mitigate risks and address emerging challenges more effectively.

The adoption of new technology may improve the risk management processes in cSOEs. Consequently, cSOEs must adopt advanced risk management tools to improve risk identification, assessment, monitoring, and reporting. This may involve data analytics, risk simulation models, and real-time reporting systems (Zong & Guan, 2024). Moreover, risk assessment is encouraged to be done appropriately with a defined timeframe, but not when something comes up. The entities that are doing this need to improve their RM process further to be able to have a RM process in place that is effective. Challoumis (2024) states that using artificial intelligence can be beneficial during risk assessment processes, ensuring that organisations

can quickly pick up the type of risk they are faced with. On the other hand, Adewale, Olorunyomi and Odonkor (2023) also looked at how machine learning can assist organisations in making better-informed decisions regarding financial performance, risk, and market positioning by extracting actionable insights from large and complex datasets.

Based on the findings of this study, the issue of limited capacity on risk awareness affects most organisations, and this can be improved by allocating more resources to risk awareness. The allocation of resources to risk awareness will enable the organisation to establish risk committees and train specialised staff. Sufficient resources for the process of RM will enable adequate provision of RM programs and tools to make the process of RM in cSOEs in Namibia efficient. In addition, if adequate personnel are put in place, risk awareness would be enforced to reduce employee and leadership resistance. Risk awareness may be seen as a small project; however, it is one of the important activities of RM to make sure that staff are well equipped with the necessary knowledge, such as the risk regulatory frameworks and their benefits. Challenges such as the insufficiency of risk tools and risk control systems align with the adequate provision of resources towards technological advancement. In the study by Wahyudi, Taryana, Tawil, Zulkifli, and Sipayung (2024), they recommend the use of different strategic actions to mitigate risk, such as product diversification, increasing production capacity, geographical expansion, leveraging technology, and implementing sound financial practices. Furthermore, cSOEs must enhance their governance frameworks by incorporating risk management into their structural governance. This may entail fostering a culture of transparency and accountability and forming independent risk management committees. cSOEs in Namibia should collaborate with international experts to align their risk activities with internationally recognised risk frameworks, such as COSO. Implementing a risk framework offers guidelines for mitigating potential operational disruptions, including technological advancements, economic downturns, and natural disasters; therefore, it is essential to develop contingency strategies.

6. Conclusion

The operational effectiveness and sustainability of cSOEs in Namibia depend on the proficient management of risks. While these organisations have made significant progress in implementing structured risk management, further enhancement remains necessary to improve institutional performance, reputation, and sustainability. Areas that necessitate enhancement include the formation of risk committees, officers, or managers within organisations, the training of staff on risk-related matters tailored to the specific industry, and the integration of risk management processes into strategic planning. cSOEs can efficiently manage risks by investing in capacity building through risk training, improving governance structures, and adopting innovative technologies. This will guarantee persistence in achieving organisational strategic objectives and financial sustainability.

The future success of Namibia's cSOEs will depend on prioritising resource allocation to implement an effective risk management process. RM is a crucial component of commercial state companies' governance that allows these organisations to improve their decision-making, maintain compliance, manage financial resources efficiently, and tackle environmental issues. The lack of risk expertise in numerous entities must be addressed to enable cSOEs to manage risks effectively. This will include the availability of resources so that staff recruitment and retention of experienced risk professionals are introduced.

Finally, as recommended by Deloitte in 2020, state-owned enterprises need to establish risk committees and ensure that there are enough members. Conducting thorough risk assessments allows projects to better

support the organisation's overarching aims, leading to enhanced performance and value creation. Moreover, promoting a risk-conscious culture strengthens stakeholder trust and ensures a secure and regulation-abiding workplace.

7. Recommendations

The outcome of this investigation suggests that cSOEs take risk management seriously for improved performance and sustainability purposes. Effective risk management is essential for state-owned enterprises to safeguard public funds, ensure operational continuity, protect their reputation and comply with regulations. Moreover, cSOEs need to establish risk committees within their organisations to enhance their RM process, make informed decisions, optimise resource allocation, foster a safety culture, and enhance accountability and transparency within their organisations.

8. Limitations

Due to limited time and resources, the study could not include all cSOEs in Namibia. Because this was an academic manuscript, the timeframe was not allowing the recruitment of participants from all 22 cSOEs in Namibia.

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