Analysing enterprise risk management adoption in the South African short-term insurance industry

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Dissertation accepted in fulfilment of the requirements for the degree *Master of Commerce in Risk Management* at the North-West University

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DECLARATION

I declare that:

I, Shelton Siwedza, student number 33212503, hereby declare that this dissertation titled "Analysing enterprise risk management adoption in the South African short-term insurance industry" is my own original work and that all the sources I have used or quoted have been indicated and acknowledged by means of complete references, and it has been submitted in fulfilment for the degree Masters of Commerce in Risk Management at North West University (Vanderbijlpark Campus), and that this dissertation has not previously been submitted at any other University for a similar or any other degree.

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ABSTRACT

Keywords: Risk, Risk Management, Enterprise Risk Management, Insurance

The focus of this study was on the short-term insurance industry within South Africa's broader financial services sector. The insurance industry's key role is providing a risk financing mechanism to ensure the spreading of financial losses in an economy, which reduces or eliminates risk, thereby contributing to economic stability (Das *et al.*, 2003:5). Even though insurance companies are in the business of managing risks, they are themselves exposed to several different types of risks in their daily operational activities and can become financially distressed and fail (French, Vital & Minot, 2015:242).

The primary objective of this study was to analyse enterprise risk management adoption in the South African short-term insurance industry. The study took a quantitative research methodology approach, which followed a positivistic research paradigm.

The theoretical study looked at the potential generic risks that insurance companies are exposed to, namely: strategic risk, liquidity risk, credit risk/counterparty risk, market risk, investment risk, compliance/regulatory/legal risk, systems/technology risk, reputational risk, currency risk, underwriting risk, systemic risk, country risk, as well as Environmental, Social and Governance (ESG) risks. The study also looked at the corporate culture of organisations and its influence on the risk management culture, and subsequently, effective ERM implementation. Lastly, the study sought to assess the impact and benefits of good Enterprise Risk Management on the industry's survival and ability to continue to operate successfully in the long-term.

An empirical study was also conducted, using a target population of at least 100 short-term insurance practitioners, in management, executive management, or directorship roles across the short-term insurance industry in South Africa, and a response rate of 63% was achieved.

The key findings from the empirical study were that most of the respondents agreed or strongly agreed that the above identified generic risks, are potential risks that the short-term insurance industry in South Africa is faced with. Most of the respondents also agreed that these risks had a severe impact on the industry. Lastly, most of the respondents agreed that good ERM adoption and integration was good for their organisations and that ERM adoption had an impact on the overall viability of the short-term insurance industry in South Africa.

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LIST OF ACRONYMS

AGCS	: Allianz Global Corporate & Specialty
AIG	: American Insurance Group
ANOVA	: Analysis of Variance
COSO	: The Committee of Sponsoring Organizations of the Treadway Commission
ESG	: Environmental, Social and Governance
ERM	: Enterprise Risk Management
FMEA	: Failure Mode and Effect Analysis
FSCA	: Financial Sector Conduct Authority
GOI	: Governance & Operational Standards
HAZOP	: Hazard and Operability
IRMSA	: Institute for Risk Management South Africa
ISO	: International Organization for Standardization
ORSA	: Own Risk Solvency Assessment
PA	: Prudential Authority
PEST	: Political, Economic, Societal and Technological
POPIA	: Protection of Personal Information Act 4 of 2013
RMM	: Risk Maturity Model
SARB	: South African Reserve Bank
SPSS	: Statistical Package for Social Sciences
SWOT	: Strengths, Weaknesses, Opportunities & Strengths
TRM	: Traditional Risk Management
UMAs	: Underwriting Management Agencies

CHAPTER 1 - RESEARCH PROPOSAL

Analysing ERM adoption in the South African short-term insurance industry

Keywords: Risk, Risk Management, Enterprise Risk Management, Insurance

1.1 INTRODUCTION

The Institute for Risk Management South Africa's (IRMSA) Guideline to Risk Management (2014:10) defines risk as the consequences of unpredictability on goals or aims. This suggests that there are positive and negative consequences of risk on an organisation's corporate objectives. Risks can broadly be categorised into strategic risks, operational risks (e.g., human error, technology risk, internal systems failures and/or inadequate or failed procedures, controls, or policies), financial risks, and compliance risks (IRMSA, 2020:2). Various types of risk fall under these broad categories, such as credit risk, market/price risk, interest rate risk, country risk, liquidity risk, legal risk, reputational risk, and technology risk (Young, 2006:2-5), as well as Environmental, Social and Governance (ESG) risks (i.e., reputation risk, human capital management risk, litigation risk, regulatory risk, corruption risk and climate risk) (Sautner & Starks, 2021:1-5).

Organisations are exposed to these risks daily, hence the need and importance to ensure that these risks are properly managed. Valsamakis, Vivian and du Toit (2010:13) define risk management as a managerial activity whose aim is to safeguard organisations' assets, profits, or revenue and employees from the physical and financial impact of risk exposure. The risk management process involves establishing goals, policies, and procedures, harmonising, controlling, and overseeing the risk-control and the risk-financing activities of an organisation (Valsamakis *et al.*, 2010:13). According to Borghesi and Gaudenzi (2013:12), risk management refers to the safeguarding of a business from adverse events, thereby enabling the business to realise its intended worth.

In its 2020 Economic Outlook, Chubb Insurance South Africa warned that intangible and emerging risks were escalating, with increased severity for the insurance industry in South Africa. This state of affairs is making Enterprise Risk Management (ERM) crucial for the industry to understand, manage and transfer these emerging complex and interrelated risks (Chubb Insurance South Africa, 2020).

According to global insurer, Allianz Global Corporate & Speciality's (AGCS) 2021 Risk Barometer, the top ten global business risks for 2021, based on the insights of 2 769 risk management experts from 92 countries and territories, across 22 industry sectors, were identified as follows: 1) Business interruption; 2) Pandemic outbreak; 3) Cyber incidents; 4) Market developments; 5) Changes in legislation and regulation; 6) Natural catastrophes; 7) Fire, explosion; 8) Macroeconomic developments; 9) Climate change/increased volatility of weather; 10) Political risks and violence (Allianz Risk Barometer, 2021:4-5).

The insurance industry in South Africa has, between 2008 and 2022, witnessed several corporate collapses, operational failures, mismanagement, bundle-ups, and reputational damage incidents. Some of the most notable publicised incidents are as follows (just to mention a few):

Table 1.1: South African insurance industry corporate collapses

Name of Organisation	Incident
AIG (2008)	Credit risk damage due to credit default swaps collapse.
Orange Insurance (2012)	Liquidation due to financial unsoundness.
SaXum Insurance (2016)	Liquidation due to poor underwriting risk management.
Nzalo Insurance Services (2018)	Provisional curatorship due to VBS counter-party risk entanglement.
Lion of Africa Insurance (2018)	Voluntary wind-down due to continued underwriting losses.
Liberty Life (2018)	Cyber-attack and theft of client data and information.
Momentum Life (2018)	Reputational risk damage following life insurance pay-out repudiation.
Old Mutual (2019)	Reputational risk damage following delayed funeral insurance claim pay-out.
Constantia Insurance Company Limited (2022)	Provisional curatorship after failing to find investor to inject it with much needed capital of at least R450 million.

A well-known risk management process adopted by organisations is the COSO framework for enterprise risk management. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines enterprise risk management (ERM) as "the culture, capabilities and practices, integrated with strategy-setting and performance, that organisations rely on to manage risk in creating, preserving and realising value" (COSO, 2017:10). Additionally, Valsamakis *et al.* (2010:90) define enterprise-wide risk management as a proactive step-by-step, constantly progressive, and desegregated approach to risk management implementation across the wider organisation.

Furthermore, according to ISO 31000 (2018:4-8), the success of ERM depends on there being an efficacious risk management framework in place, which underpins the integration, designing, implementation, evaluation, monitoring, and improvement of ERM throughout and at all levels of the organisation. This is achieved by understanding the organisation's internal and external contexts, establishing a risk management policy, ensuring accountability, integrating ERM into the organisational processes, and ensuring that there are internal and external communication and reporting mechanisms in place. Leadership and commitment play a crucial role in this process, with top management being responsible for managing risk and established oversight bodies being responsible for overseeing the risk management process in the organisation.

Lam (2003:45-56) described the benefits of ERM and the full understanding of various risk factors for the longevity and viability of the organisation, as well as the importance of these factors on the adoption of ERM into corporate strategy and operational activities. According to Lam (2003:45-46), ERM brings about an integrated approach as to how organisations deal with risk management, with a centralised risk management department, a more risk-focused culture and greater awareness about risks facing an organisation, as well as standardised risk reporting. It also helps improve operational efficiency by efficient allocation and utilisation of resources, improved coordination of legal and regulatory compliance and improves overall business performance by increasing confidence on strategic objectives achievement. According to Gatzert and Martin (2015:48-49), ERM enables organisations to manage the corporate risks that they are faced with in an all-encompassing or coherent manner, as opposed to the silo-based approach. The proper implementation of ERM has become of great significance and importance for insurance companies, due to the growing interest in risk management, given the increased emphasis on good corporate governance (Altuntas, Berry-Stolzle & Hoyt, 2011:414-439).

A study by Hoyt, Moore and Liebenberg (2008:17), showed that there is an economically significant positive relationship between firm value and the use of ERM in the United States insurance industry. Hoyt *et al.* (2008:3) also posit that ERM enables firms to manage a wide variety of risks in a consolidated and enterprise-wide manner by increasing collaboration between different risk management activities, increasing capital efficiency, whilst reducing external capital spend and decreasing profitability inconsistencies overall. In addition, Eckles *et al.* (2013:422-423) also concluded that firms that implement ERM experience lower risk and higher profits and tend to have higher firm value over time.

A study by Jabbour and Abdel-Kader (2016:501) on ERM adoption in the insurance sector concluded that ERM adoption is viewed as being essential to the value addition of insurance companies.

Acharyya and Mutenga (2013:22) also posited that ERM creates value for companies within the non-life insurance industry. The authors, however, emphasised that this value can only be achieved if ERM is implemented holistically. Obalola, Akpan and Abass (2014:159) also concluded that there is a notable symbiotic relationship between ERM and improved organisational performance from their study of the Nigerian Insurance Industry.

The need for a holistic approach to ERM is also further argued by Acharyya and Johnson (2006:1), following their study of European-based insurance companies' understanding of ERM and its implementation. Their study showed that the level of understanding varied vastly not only between companies but also even between various departments or divisions within the same company.

This study will focus on the short-term insurance industry (hereinafter referred to as "the insurance industry") within the broader financial services sector. Insurance companies are exposed to multiple risk types, namely: strategic risk, liquidity risk, credit risk, counterparty risk, market risk, investment risk, compliance/regulatory/legal risk, systems/technology risk, reputational risk, currency risk, underwriting risk, systemic risk, country risk, as well as Environmental, Social and Governance (ESG) risks (hereinafter referred to as "insurance industry risks") (Akotey & Abor, 2011:33; Banham, 2019:28; Eckles *et al.*, 2013:409). These risks are threatening the viability of the short-term insurance companies and the insurance industry at large.

Insurance companies are exposed to strategic risk due to its potential future impact on capital, revenue, and even on reputation (Jastaniyah, 2017:34-35). In addition, liquidity risk affects the insurance companies' solvency (Banks, 2005:4). Credit & counterparty risk exposure in the industry arises from counterparty transactions, given the largely intermediated nature of the industry, which deals through brokers and agents, as well as reinsurance and retrocession arrangements that exist in the industry (Gestel & Baesens, 2009:24). Market risk refers to risk that arises from the uncertainty of deviations from the expected value of the future value of an investment portfolio's return or the risk that arises from poor returns on interest rate sensitive instruments (Alexander, 2008:1: Helliar *et al*., 2005:4-6). Similarly, investment risk can arise due to a fall in the price of securities (e.g., bonds, stock, real estate) that an insurance company would have invested in (Valsamakis *et al*., 2010:45). Insurance companies are exposed to - market and investment risk due to the two-pronged sources from which they derive their income and profits, namely underwriting profit, and profit from investments of premiums in the money and other financial markets.

Compliance and regulatory risk is the risk for which an insurance company may be penalised or fined for non-compliance with regulation or laws and lawsuits (Hiles, 2011:9), whilst legal risk, on the other hand, can arise if an insurance company contravenes or defies laws, rules, regulations, prescribed policies, or ethical standards (Young, 2006:4). Systems/technology risk can arise because of inadequate or poor internal system or process controls (Blunden & Thirwell, 2010:8), sometimes even caused by outside occurrences or circumstances (e.g., cyber-attacks, hacking or phishing scams). This is given that insurance companies are heavily dependent on IT systems for client data capturing, policy underwriting administration and insurance claims processing. Reputational risk could arise due to the potential negative publicity or perception of an organisation within the industry when it behaves or discharges itself in a manner that falls short of stakeholder expectations (Honey, 2009:14). Such negative publicity or perception could result in an insurance company losing its existing or potential clients.

Currency (or foreign exchange) risk could arise from exchange rate fluctuations or unfavourable exchange rate movements on foreign exchange holdings or foreign currency payment commitments (Valsamakis *et al*., 2010:45). This is relevant to the insurance industry, as insurance companies tend to deal with overseas reinsurers or the retrocedent, or when they accept or invest in insurance business elsewhere outside of South Africa. Underwriting risk is probably one of the most critical for insurance companies and refers to "risk arising from insurance obligations, such as from poor claims experience, expense over-runs and policy lapses" (South African Reserve Bank Prudential Authority, 2018:631). This encompasses premium and reserve risk, lapse risk and catastrophe risk components. It can arise from flawed risk assessment or factors beyond an insurance company's control (e.g., a catastrophe or black swan event).

The insurance industry is also faced with systemic risk, which is the risk that an event at, or the failure of, one entity to meet its contractual obligations could, in turn, cause other entities within the same industry to also default, with the ripple effect resulting therefrom leading to wider financial challenges, for an entire industry or even the real economy (Csiszar, 2002:2). This is given the interdependency of entities within this industry: retail brokers, insurers, underwriting managers, reinsurance brokers and reinsurers, in the assumption of risks and the collection and passing on of premiums along the process.

Country risk is another risk variable that the insurance industry is also faced with, which refers to risks emanating from a divergence or disparities in national economic structures, policies, socio-political situations, geography and currencies and their impact on the insurance industry operations (Bouchet *et al*., 2003:12). This is considering that insurance companies purchase their reinsurance protection overseas and also need foreign investors to buy into their businesses. If the country risk perception is viewed to be negative, this could result in the insurance companies not being able to secure reinsurance protection or find the cost of doing so to be expensive due to the country risk loading factor. A poor country risk perception could also result in the industry not being able to attract external investors.

ESG risks have gained significance and increased focus as from 2019, based on the potential reputational and financial risk impact that they have if poorly handled by organisations (Banham, 2019:28). ESG-related risks include reputation risk, human capital management risk, litigation risk, regulatory risk, corruption risk and climate risk (Sautner & Starks, 2021:1-5). All these ESG-related risks are very relevant to the insurance industry insofar as their reputation and financial standing is concerned.

South Africa's largest insurer, Santam, in its 2020-2021 Insurance Barometer Report, reported that social uneasiness in South Africa had been bubbling for quite some time, largely driven by high and rising unemployment. The boiling point was the rioting, looting and violence that took place in July 2021. The short-term insurance industry has borne the brunt of these social risks, due to an increase in malicious damage to insured property (Santam 'Insurance Barometer Report', 2020-2021:3).

Issues such as providing safe working conditions, respect for human rights and compliance with relevant laws and regulations are now quite critical for the industry. Laws and regulations against anti-corruption and anti-bribery practices are now being enforced more severely. Similarly, environmental laws and regulations have now become much stricter, with insurance companies currently under pressure to not insure clients who are contributing to environmental pollution, such as coal mines and fossil-fuelled power plants.

Climate risk is quite critical to this industry as one of the key covers provided in property insurance is against fire, flood, and storm-related damages. Over the last few years, the insurance industry has been impacted by recurring and more acute climate-related risks and losses, such as cyclones, floods, storms, droughts and even wildfires, with major financial implications for the insurance industry (Siwedza & Shava, 2020:132).

The corporate culture of organisations within this industry also influences the risk management culture and effective ERM implementation. According to Pratama and Augustine (2019:24), corporate culture strengthens the relationship between good corporate governance and ERM implementation. Cooper, Faseruk and Khan (2013:53-68) argue that having a strong risk culture enables employees to understand the organisation’s strategic intention and risk appetite and they are also able to freely discuss prevailing risks and opportunities in the organisation. Thomya and Saenchaiyathon (2015:161) also posit that a learning organisational culture encourages ERM, which could in turn improve organisational performance.

Good adoption of ERM in an organisational strategy within the insurance companies could be a possible solution to dealing with the industry's risks if applied in an integrated manner. Despite the observed heightened interest in ERM by the insurance industry, there appears to be limited empirical evidence on how these insurance industry risks, which impact the viability of companies within this industry, are being viewed and handled at present. Similarly, there is minimal empirical evidence on the extent of the adoption and integration of ERM into organisational strategy within the industry. Therefore, it is important for management in this industry to understand the impact of various risks on their organisations’ viability and the need for a proper adoption and integration of ERM, in order for them to effectively manage the risks facing their organisations. According to Oh *et al.* (2018:2), the illustrious and highly reported corporate disaster events in recent years call attention to the pressing need for effective ERM implementation.

ERM adoption and integration refers to the assumption and incorporation of ERM practices in organisations, whilst viability refers to the organisation’s survival or ability to continue operating successfully in the long-term.

1.2 THE PROBLEM STATEMENT

The reported corporate collapses, failures, mismanagement, bundle-ups, and reputational damage incidents of insurance companies in South Africa between 2008 and 2022 brought about a glaring realisation that most companies in the insurance industry were possibly either not fully aware of critical risks that faced them or had insufficient or inadequate controls, insofar as critical risks that they were faced with daily was concerned. The was therefore a dire need for the level of effective ERM adoption and integration in this industry to significantly improve. The viability of the insurance industry was possibly being affected by not adopting and integrating ERM enough. Hence, the need to investigate the extent of the adoption of ERM on the viability of this industry in South Africa, given the crucial role that ERM now plays in the world of business.

This study sought to investigate the risk perception of the different types of risk facing the short-term insurance companies in South Africa and to assess the relationship between these different identified risks affecting the short-term insurance industry and the extent of their impact on the viability of the short-term insurance industry. It also sought to explore the extent short-term insurance companies in South Africa had adopted and integrated ERM into their operations, as well as to explore the impact of ERM adoption and integration on the viability of the industry.

1.3 RESEARCH QUESTIONS

This research aims to answer the following questions:

(i) With which generic risks is the short-term insurance industry faced?
(ii) What is the extent of the adoption and integration of ERM in the short-term insurance industry in South Africa?
(iii) How does this affect viability of the short-term insurance industry?

1.4 OBJECTIVES OF THE STUDY

The following objectives have been identified and outlined for the study:

1.4.1 Primary objective

The primary objective of this study is to investigate the extent of the adoption of ERM on the viability of the short-term insurance industry in South Africa.

1.4.2 Theoretical objectives

To achieve the primary objective of the study, the following theoretical objectives will be formulated:

- Provide an overview of the short-term insurance industry;
- Review literature on the different potential risks that the short-term insurance industry is faced with;
- Contextualise literature on ERM in the short-term insurance industry; and
- Examine literature on the importance of adopting ERM in the short-term insurance industry.

1.4.3 Empirical objectives

Following the primary objective, the subsequent empirical objectives are formulated:

- Investigating the risk perception of the different types of risk facing the short-term insurance companies in South Africa;
- Assess the relationship between the different identified risks affecting the short-term insurance industry and the extent of their impact on the viability of the short-term insurance industry;
- Explore to what extent short-term insurance companies in South Africa have adopted and integrated ERM into their operations; and
- Explore the impact of ERM adoption and integration in short-term insurance industry on the viability of the industry.

1.5 RESEARCH DESIGN AND METHODOLOGY

This study used a quantitative research methodology approach, which followed a positivistic paradigm. According to Leedy and Ormrod (2010:97), quantitative research "involves looking at amounts, or quantities, of one or more variables of interest." A quantitative research is appropriate for use in instances where the researcher needs to measure variables under review in some numerical way through commonly accepted measures and within a very short space of time. Furthermore, a quantitative research method allows for the interpretation and reporting of the outcomes of the study in an objective way, which is independent of the researcher (Leedy

& Ormrod, 2014:98). A questionnaire was distributed electronically to the respondents in the short-term insurance industry in South Africa. The questionnaire consisted of structured or closed questions, which were used to generate quantitative data that was then presented statistically.

The research design that was used in this study was a single cross-sectional survey design (Leedy & Ormrod, 2014:194). The cross-sectional design is one of the most popular research design methods because it is cost-effective and relatively easy to administer. Furthermore, it is applicable when information from different sources needs to be collected at once and within a short space of time (Olsen & St George, 2004). Such collated information can then be observed and noted as being representative of the entire population group at a specific point in time (Olsen & St George, 2004). Therefore, conclusions about larger population characteristics can be drawn based on the observation of the selected sample. The same questionnaire was used across all respondents.

The following sub-sections provided a literature review summary, as well as an outline of the methodology subsections of the empirical study.

1.6 LITERATURE REVIEW

An extensive literature study will be undertaken using secondary information sources, such as textbooks, academic journals, newspapers, magazines, conferences, and other credible web-based sources. The literature review will mainly focus on defining and evaluating the different potential risks that the short-term insurance industry is faced with, an extensive review of ERM, and reviewing previous literature on the impact of adopting and integrating ERM on the viability of this industry.

1.7 EMPIRICAL STUDY

The empirical portion of this study comprised the following methodological subsections:

1.7.1 Target population

The population in this study was insurance companies, Underwriting Management Agencies (UMAs), reinsurance companies, reinsurance brokers and retail brokers in the short-term insurance industry in South Africa.

1.7.2 Sample size and sample method

A sample of at least 100 short-term insurance practitioners in management, executive management, or directorship roles were targeted through stratified sampling from across the short-term insurance industry in South Africa and from which a minimum of 60 questionnaires was selected. According to Leedy *et al.* (2014:217), stratified random sampling is a sampling method by which the researcher selects equally from each of the layers or segments in the overall population. This sample represented the overall population in terms of the type of companies and the respondent’s roles within these companies, considering that there are over 90 registered non-life and composite insurance companies in South Africa (Prudential Authority, Insurers List: 2021). Therefore, a fair selection was made of respondents in management, executive management, and directorship roles within the industry. Furthermore, there will also be a fair selection of organisational participants across the industry, from insurance companies, Underwriting Management Agencies (UMAs), reinsurance companies to reinsurance and retail brokers.

A minimum of 60 questionnaires was representative of the population and industry under review since the participants were short-term insurance practitioners. This is given that a sample size of between 30 and 500 at five percent confidence level is normally observed to be adequate for most researchers (Delice, 2010:2008). A sample size of 60 is based on the central limit theorem. Cramer and Howitt (2004:22) describe the central limit theorem as “a description of the sampling distribution of means of samples taken from a population.” The central limit theorem is a tool used in inferential statistics to draw conclusions about sample characteristics *vis-à-vis* the population under review. Thus, the central limit theorem is essential when researching smaller samples to infer and draw conclusions for larger populations (Le Cam, 1986:78-91).

1.7.3 Measuring instruments and data collection methods

This study consisted of a quantitative empirical investigation and examined the relationship between the predictor (independent) variable, being ERM adoption and integration and the predicted (dependent) variable, being the viability of the short-term insurance industry. The cross-sectional survey was aligned with the study's overall objective: to assess the adoption and integration of ERM in the short-term insurance industry.

1.7.4 Data collection procedure

The following steps were followed in the data collection procedure:

- Identifying appropriate participants within the short-term insurance industry. The respondents will be those in management, executive management, and directorship roles within the short-term insurance industry in South Africa, whom the principal investigator deals with as clients on a day-to-day basis;
- The principal investigator obtained the contact details of the participants, from the day-to-day client database, which is stored electronically and strictly monitored by the principal investigator's IT Department in terms of the Protection of Personal Information Act 4 of 2013 (POPIA:2013);
- Before the participant can answer the questionnaire, ethical considerations and other rights of the participants were clarified in both the consent form and the questionnaire;
- The consent form effectually clarified the motivation, objectives, and the benefits of the study to participants;
- The study obtained a consent form from all participants before taking part in the study, in which the Consent Form provided participants adequate opportunity to consider all options, responding to participants' questions, ensuring that the participants correctly interpret this information;
- A questionnaire was distributed electronically to the participants, by means of individual emails, to ensure that the research encompasses a wide range of demographics. No other person will be identified; and
- This study utilised QuestionPro to construct an organised online questionnaire to accumulate the various responses. The anonymity function was enabled in QuestionPro to hide certain privacy fields (for example, the participants email and IP address as well as the region code).

1.7.5 Questionnaire

A questionnaire comprising structured or closed questions was prepared to collect data using a 5-point Likert scale. In addition, a covering letter explaining the purpose of the study was included to guide the respondents on how to complete the questionnaire.

The questions were analysed statistically and quantitatively. The focus of the questions was to assess the various insurance industry leaders' views of the stated insurance industry's risk impact on their organisations. Furthermore, the questions also sought to assess the extent of ERM adoption and integration in the respective organisations, with the aim of analysing the extent of the adoption of ERM in the short-term insurance industry at large and lastly, the impact of ERM adoption and integration on the viability of the industry.

The questionnaire was divided into the following sections:

Section A – Demographic information (i.e., type of organisation, size of organisation, respondent's role in the organisation, years of experience etc.).

Section B – Identifying and defining insurance industry risk variables.

Section C – Assessing the impact of the industry risks variables on the insurance industry.

Section D – Assessing the extent of adoption and integration of ERM in the insurance industry, as well as its impact on the viability of the industry.

The questionnaire was distributed electronically via Survey Monkey to collect data from respondents.

1.8 RELIABILITY AND VALIDITY

Reliability and validity were ensured by targeting directors, executives, senior management, and skilled professional staff respondents, who shared their direct observations of their respective organisations, thereby providing a realistic, factual, and trustworthy observation from the industry's organisational leadership. Furthermore, exploratory data analysis was utilised to ensure that both descriptive and empirical statistical findings were reported on. Cronbach's Alpha will also be used to test reliability.

1.9 STATISTICAL ANALYSIS

The study used the following statistical methods to capture data, using the Statistical Package for Social Sciences (SPSS) Data Analysis Version 27 software for Microsoft Windows:

Table 1.2: Types of Data Analysis

Type of Analysis	Empirical Objective	Questions
<u>Objective 1</u> Analysing the industry's perception of the different types of risk facing the short-term insurance companies in South Africa.	Descriptive Analysis Mean Comparison Reliability ANOVA	B1: Strategic risk B2: Liquidity risk B3: Credit & Counterparty risk B4: Investment risk B5: Market risk B6: Compliance & Regulatory risk B7: Operational risk B8: Technology risk B9: Reputational risk B10: Currency (Foreign exchange) risk B11: Underwriting risk B12: Systemic risk B13: Country risk B14: ESG risks
<u>Objective 2</u> Assessing the relationship between the different identified risks affecting the short-term insurance industry and the perceived extent of their impact on the viability of the industry.	Cluster Analysis	C1: Strategic risk C2: Liquidity risk C3: Credit & Counterparty risk C4: Investment risk C5: Market risk C6: Compliance & Regulatory risk C7: Operational risk C8: Technology risk C9: Reputational risk C10: Currency (Foreign exchange) risk C11: Underwriting risk C12: Systemic risk

Type of Analysis	Empirical Objective	Questions
		C13: Country risk C14: ESG risks
<u>Objective 3</u> To explore to what extent short-term insurance companies in South Africa have adopted and integrated ERM into their operations.	Cross-tabulation Analysis	D1-D11
<u>Objective 4</u> Explore the impact of ERM adoption on the short-term insurance industry’s viability.	Correlation & Regression Reliability & Validity	D12-D19

The data was first analysed using descriptive statistical analysis, which summarised the quantitative information collected from the sample. A descriptive research involves identifying possible associations among two or more phenomena without trying to change or modify it in any way (Leedy & Ormrod, 2014:190). Cluster analysis was used to segment the data into homogenous groups (Diamantopoulos & Schlegelmilch, 2000:217). Cross-tabulation analysis was used to analyse the relationship between the different variables (Diamantopoulos & Schlegelmilch, 2000:17). Mean comparison was used to compare the means of variables between different response groups in this research.

Pearson’s correlation and regression analysis was used to assess whether two or more variables were associated in one way or another (Leedy & Ormrod, 2014:303-304); thus, showing the magnitude of the association as well as the direction of the relationship. Significance tests were also done to check if the relationship is due to random chance (Diamantopoulos & Schlegelmilch, 2000:65).

Lastly, reliability and validity analysis was also checked for consistency and accuracy (Diamantopoulos & Schlegelmilch, 2000:33). A summative report on sample sizes, frequently used instruments, and the correlation sizes was provided. The measurement scale was the Analysis of Variance (ANOVA) (Leedy & Ormrod, 2014:313), which indicated the variation of the industry respondents’ perception of the industry risks as well as their views on the extent of the adoption of ERM in the insurance industry and its impact on the viability of the industry.

1.10 CONTRIBUTION OF THE STUDY

A lack of an in-depth understanding of the various risk variables that the short-term insurance industry is faced with and the resultant poor adoption and integration of ERM has a potential negative impact on the viability and future of this industry. The proper adoption and integration of ERM into corporate strategy and operational activities is very critical if the companies within this industry are to remain viable.

This study aimed to contribute to the body of knowledge and to the short-term industry by making recommendations on ERM adoption and integration, for executives and managers in the industry, based on the empirical findings.

1.11 ETHICAL CONSIDERATIONS

Research should be guided by ethical principles of beneficence and duty of care (Darlington & Scott, 2002). This study followed ethical standards of academic research and approval was obtained from the North-West University Ethics Committee with ethics number (NWU-00722-22-A4). The industry survey was done online, with immediate responses. The participants were given clear information on what participating in this study would involve and given the opportunity to decide on whether or not to participate. Participants were also assured that the questionnaires that they were completing and sending back would be treated anonymously and confidentially and were also made aware of what will happen to the data and how it would be reported by the researcher. The safety and well-being of the participants was also ensured, with consideration given to the North-West University Faculty of Economic and Management Sciences' research guidelines.

1.12 CHAPTER OUTLINE

This study consisted of the following chapters:

Chapter 1: Introduction and background

This chapter provides an introduction and background to the study and a contextual overview of the financial services sector and the short-term insurance industry in South Africa. Risk, risk management and ERM will also be defined, as well as the insurance industry's relation to ERM. The research problem, research questions, research objectives, goals, and an overview of the proposed research methods, will also be briefly outlined.

Chapter 2: Literature review

Theoretical objectives on the subject matter under study were explored in this chapter. These included establishing the key concepts on risk; defining the insurance industry risks; defining risk management and ERM, as well as the extent of the importance of proper ERM implementation on the short-term insurance industry, based on previous studies. Furthermore, a generic ERM framework was defined and discussed, including risk appetite, risk tolerance, different risk responses and a risk maturity model.

Chapter 3: Research design and methodology

This chapter focused on the research design and methodology used in this research. The aim of the investigation, theoretical foundation, design of the study, sample, data collection, and data analysis methods were explored in this chapter. Furthermore, any limitations thereto were also discussed.

Chapter 4: Statistical analysis and discussion of results

This chapter reported on the analysis and interpretation of the results obtained from the questionnaire. The results were collated, statistically tested, analysed, and interpreted for possible outcomes.

Chapter 5: Conclusion & Recommendations

This chapter presented a conclusion and recommendations of the research, based on the literature review in Chapter 2 and the data analysis in Chapter 4, by addressing the research problem, research objectives and research questions. Limitation and recommendations for further research were also outlined.

CHAPTER 2 - LITERATURE REVIEW

2.1 INTRODUCTION

This chapter aims to analyse the impact of the adoption of Enterprise Risk Management (ERM) on the viability of the insurance industry. An overview of the broader financial services sector, of which the insurance industry forms part, will first be provided. Thereafter, key concepts on risk, risk management, the risks facing the insurance industry and ERM will be determined and discussed, by making reference to literature from previous authors. Lastly, the benefits of good ERM adoption and integration, and its impact on the viability of the short-term insurance industry will be discussed.

2.2 THE FINANCIAL SERVICES SECTOR

The financial services sector plays a crucial role in any economy by providing ancillary economic services of various forms, which help to promote economic growth (Fethi & Karticioglu, 2015:733). These services include banking (personal, commercial and investment), insurance and assurance companies, as well as reinsurance companies (both broking and underwriting), consumer or micro-lending, accounting and management consulting, equity and commodity trading/broking, investment funds and unit trust managers (asset and wealth portfolio management), retirement and pension fund management, financial advising and planning, medical aid schemes, currency exchange and transfer services, to mention but a few. All financial service providers are in the business of managing money and wealth in one way or another for commercial and retail customers alike (Fethi, Karticioglu & Caglar, 2013:543-544).

The well-being and overall viability of companies within the financial services sector and their ability to deliver the various forms of financial services can be attributable to their ability to manage enterprise risk (Hoyt, Moore & Liebenberg: 2008:1-17).

2.2.1 The insurance industry

The focus of this study is on the short-term insurance industry (hereafter referred to as the insurance industry) within South Africa's broader financial services sector.

The insurance industry is classified into three categories:

(i) Life insurance (i.e., Death, Permanent Disability, Health & Term Assurance).
(ii) Non-Life insurance (Property & Casualty Insurance).
(iii) Reinsurance (Insurance for insurance companies, to protect them against peak exposures and underwriting results volatility).

According to Das, Davies and Potbiera (2003:7-8), the role of the insurance industry in the economy is as follows:

(i) To promote financial stability by means of risk transfer mechanisms.
(ii) To mobilise savings in households and direct these savings into the corporate and public sector, where it is needed for economic growth.
(iii) To relieve pressure on government budgets by reducing the demand for government social security support. The relieving pressure is attributed to insurance cover protection for individuals and businesses.
(iv) To support trade, commerce, and entrepreneurship through financial risk transfer to the many economic sectors.
(v) To lower the total risk in an economy by providing the means to measure and manage risks and other risk mitigation incentivisation.

The insurance industry is different from other financial services within the financial services sector in that its key role is providing a risk financing mechanism to insure the spreading of financial losses in an economy, which reduce or eliminate risk, thereby contributing to economic stability (Das *et al*., 2003:5). When an insured purchases non-life insurance, they buy financial protection against defined insurable events (Das *et al*., 2003:5). Even though insurance companies are in the business of managing risks, they are themselves exposed to several different types of risks in their daily operational activities and can become financially distressed and fail (French, Vital & Minot, 2015:242).

2.3 DEFINING KEY CONCEPTS

According to the Institute for Risk Management South Africa's (IRMSA) Guideline to Risk Management (2014:10), risk refers to the consequences of unpredictability on goals or aims. This suggests that there are positive and negative consequences of risk on an organisation's corporate objectives. Risks can broadly be categorised into strategic, operational, financial, and compliance risks (IRMSA, 2020:2). Various risk types fall under these broad categories, such as credit risk, market/price risk, interest rate risk, country risk, liquidity risk, legal risk, reputational risk, and technology risk (Young, 2006:2-5).

Valsamakis, Vivian and du Toit (2010:13) define risk management as a managerial activity aiming to safeguard an organisations' assets, profits, or revenue and employees from the physical and financial impact of risk exposure. The risk management process involves establishing goals, policies, and procedures; and harmonising, controlling, and overseeing an organisations' risk-controlling and risk-financing activities (Valsamakis *et al.,* 2010:13). According to Borghesi and Gaudenzi (2013:12), risk management refers to safeguarding a business from adverse events, thereby enabling the business to realise its intended worth.

However, risk management or Traditional Risk Management (TRM) is viewed as taking a silo-based kind of approach to the management of risks, which is often rendered ineffective due to the fact that most risks tend to be correlated or interdependent and can, therefore, not be managed in an approach that is segmented from each other (Kumar, 2021:5). An example would be a natural disaster risk event such as an earthquake, which then results in flooding, all arising from a single event.

In view of the fact that risks are interdependent, constantly active, changing and highly correlated, there was a need for a more integrated approach to the management of risk; hence, the advent of Enterprise Risk Management (ERM) from the mid-1990s (Zhao, Hwang & Low, 2015:37-38).

The Committee of Sponsoring Organisations of the Treadway Commission (COSO) defines ERM as a strategic process undertaken by an organisation's board of directors and its management, with the intention of identifying occurrences that may adversely impact on the organisation's ability to attain its intended corporate objectives, thereby ensuring that risks that the organisation assumes are within its appetite (COSO, 2017). Valsamakis *et al.* (2010:90), further define ERM as a proactive step-by-step, constantly progressive, and desegregated approach to risk management implementation across the wider organisation.

2.4 RISKS FACED BY THE INSURANCE INDUSTRY

Insurance companies are exposed to a multiplicity of generic risks (hereinafter referred to as insurance industry risks), namely: strategic, liquidity, credit/counterparty, market, investment, compliance/regulatory/legal, operational, reputational, currency, underwriting, systemic and country (Eckles, Hoyt & Miller, 2014:409; Akotey & Abor, 2011:33), as well as

Environmental, Social and Governance (ESG) risks (i.e., climate, human capital management, litigation and corruption) (Sautner & Starks, 2021:1-5).

The above stated risks threaten the viability and the long-term sustainability of the insurance companies and the insurance industry at large. In view of the foregoing, good adoption, and integration of ERM in organisational strategy within the insurance industry, is a possible solution to dealing with the sector's risks.

Strategic risk refers to the present and potential future impact on capital, revenue, and even on reputation due to poor decision-making and indecorous execution by a business entity. Insurance companies are exposed to strategic risk due to its potential future impact on capital, revenue, and even on reputation (Jastaniyah, 2017:34-35).

Liquidity risk arises from a lack of cash or its equivalent in a business in an efficient manner or to sell assets at an economic price to meet the business organisations' commitments. Liquidity risk affects the insurance companies' solvency (Banks, 2005:4). It can also be defined as a business organisation's inability to obtain cash when needed (Matz & Neu, 2007:4).

Credit and counterparty risk is the risk that a counterparty to a transaction will default on its obligations to a business entity. Thus, money owed to the entity is not repaid or not repaid within the agreed payment period terms. Credit and counterparty risk exposure in the industry arises from counterparty transactions, given the largely intermediated nature of the industry, which deals through brokers and agents, as well as reinsurance and retrocession arrangements that exist in the industry (Gestel & Baesens, 2009:24).

Market risk can be defined as the risk of losses in positions due to uncertainty of deviations or movements from target or expected value of the future value of an investment portfolio's return or profit and loss (Alexander, 2008:1). Interest rate risk is a sub-component of market risk and is the risk of poor returns on interest rate sensitive instruments or positions in portfolio (Helliar, Dhanani, Fifield & Stevenson, 2005:4-6). Market risk also includes property risk (damage to physical infrastructure and facilities) and equity risk.

Investment risk refers to the likelihood that investments may be adversely affected by losses arising from investment-related risk exposures. This will be as a result of the declining price of securities, such as bonds, stock and real estate (e.g. bad locations, problematic tenants, high unoccupancy), which the entity would have invested in (Valsamakis *et al.*, 2010:45).

Insurance companies are exposed to market and investment risk due to the two-pronged sources from which they derive their income and profits, namely underwriting profit, and profit from investments of premiums in the money- and other financial markets.

Compliance, Regulatory and Legal risk is the risk of an insurance company being penalised or fined for non-compliance with regulation or laws, losing patents, lawsuits, etc. (Hiles, 2011:9). On the other hand, legal risk can arise if an insurance company contravenes or defies laws, rules, regulations, prescribed policies, ethical standards, etc. (Young, 2006:4).

Operational or Operations risk relates to employee human error, internal systems failures or inadequate or failed procedures, controls, or policies, whilst undertaking business processes and the resultant reputation loss (Loader, 2007:25). It can also be defined as the risk of loss resulting from poor or deficient internal processes, people and systems, or even caused by outside occurrences or circumstances (Blunden & Thirwell, 2010:8). According to Allianz Global Corporate & Specialty SE (2020:11-14), there has been a significant increase in cyber-driven claims to the insurance industry in recent years. This is largely due to the rise in incidents such as data breaches, distributed denial of service attacks, phishing campaigns, and ransomware events. Human error and technical failures are also major contributors.

Reputational risk refers to the potential negative publicity or perception of an organisation, when it behaves or discharges itself in a manner that falls short of stakeholder expectations (Honey, 2009:14). It could also be defined as any action or occurrence by an organisation or its representatives that could potentially negatively impact an organisation's public perception (Reyner, 2003:20). Reputational risk has the potential to impact an entity's revenue. Consequently, negative publicity or perception could result in an insurance company losing its existing or potential clients.

Currency (or foreign exchange) risk refers to the possibility of a business entity losing money due to exchange rate fluctuations or unfavourable exchange rate movements on foreign exchange holdings or foreign currency payment commitments by a business entity (Valsamakis *et al.*, 2010:45). In simpler terms, it can be defined as the impact on the organisation due to changes in currency rates. This is relevant to the insurance industry, as insurance companies tend to deal with overseas reinsurers or retrocedents, or when they accept or invest in insurance business elsewhere outside of South Africa.

Underwriting risk is the risk arising from insurance contractual commitments, such as a poor claims loss ratio, management expense overruns and policy cancellations (South African Reserve Bank Prudential Authority, 2018:2). This encompasses premium and reserve risk, lapse risk and catastrophe risk components. It can also arise from flawed risk assessment or due to factors beyond an insurance company's control (e.g., a catastrophic or black swan event, such as the floods that have recently been experienced in Kwa-Zulu Natal and cyclones).

Systemic risk is the risk that an event at one entity, or its failure to meet its contractual obligations could, in turn, cause other entities within the same industry to also default, with the ripple effect resulting therefrom leading to wider financial challenges for an entire industry or economy (Csiszar, 2002:2). It can also be defined as several mutually-related financial institutions failing to meet their obligations, all within a very short space of time. This then resultantly triggers a withdrawal of liquidity and widespread loss of public confidence on an entire financial system or industry as a whole (Billio, Getmansky, Lo & Pelizzon, 2010:1). This is relevant in the insurance industry given their exposure to extreme weather catastrophic events, to premium investment portfolios, as well as the interdependency of entities within this industry: retail brokers, insurers, underwriting managers, reinsurance brokers, reinsurers, and the retrocession spirals thereto, in the assumption of risks and the collection and passing on of premiums along the process.

Country risk refers to risks emanating from a divergence or disparities in national economic structures, policies, socio-political institutions, geography, and currencies (Bouchet, Clark & Groslambert, 2003:12). It can also be defined as economic or socio-political conditions or events in a particular country, which diminishes counterparties' ability to meet their obligations. These conditions could include the imposition of exchange controls or insufficient foreign exchange, a debt embargo or moratorium, political instability, or even civil war (Young, 2006:4).

The insurance industry is exposed to country risk, due to the fact that insurance companies often tend to purchase some of their reinsurance protection overseas and also need foreign investors to buy into their businesses (Capital Markets in Africa, 2017; COVER, 2018). If the country risk perception is viewed to be negative, this could result in the insurance companies not being able to secure reinsurance protection, or they find the cost of doing so to be expensive due to the country risk loading factor. A poor country risk perception could also result in the industry not being able to attract external investors.

ESG risks include reputation, human capital management, litigation, regulatory, corruption, and climate risk (Sautner & Starks, 2021:1-5). All these ESG-related risks are very relevant to the insurance industry insofar as their reputation and financial standing are concerned. Climate risk is quite critical to this industry, given that one of the key covers provided in property insurance is against fire, flood, storm-related damages and the increasing recurrence and immensity of environmental-related risks, therefore, has a direct impact on the insurance industry (Siwedza & Shava, 2020:129).

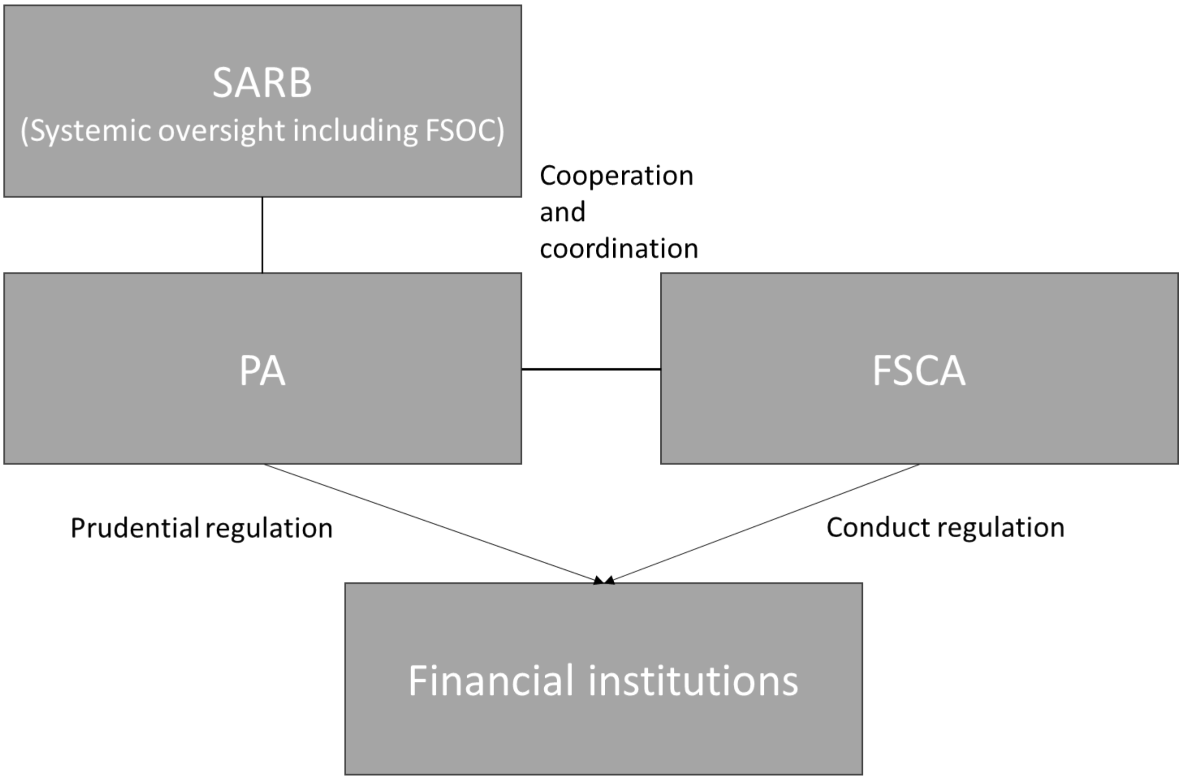
Corporate culture does also influence the risk management culture and effective ERM implementation. According to Pratama and Augustine (2019:24), corporate culture strengthens the relationship between good corporate governance and ERM implementation. Cooper, Faseruk and Khan (2013:53-68) argue that having a strong risk culture enables employees to understand the organisation's strategic intention and risk appetite. They can also freely discuss prevailing risks and opportunities in the organisation. Thomya and Saenchaiyathon (2015:161) also posit that an organisational learning culture encourages ERM, which could improve organisational performance.

2.5 INSURANCE INDUSTRY REGULATORY SUPERVISION

Effective risk management is fundamental to the prudent management of an insurer, and this has now become a key consideration in the regulatory supervision of the insurance industry all over the world (French, Vital & Minot, 2015:242-256).

In South Africa, the regulation and supervision of the insurance industry is by means of the twin peaks model, with the industry's financial soundness (i.e., stability and efficiency) being regulated by the South African Reserve Bank's (SARB) Prudential Authority (PA) and its market conduct being regulated and supervised by the Financial Sector Conduct Authority (FSCA). The SARB occupies a supervisory role and exercises comprehensive financial oversight over these two regulatory bodies.

Figure 2.1: South African Insurance Industry Regulatory Supervision



Source: Norton Rose Fulbright (2017).

The SARB's Prudential Authority's Governance and Operational Standards for Insurers 3 (GOI3) (2018:2-7) requires insurers to have a board-approved broad-based risk management system in place, which consists of the following key components:

- A risk management strategy that clearly defines the insurer's risk appetite and how it will be managed, being broad-based, consistent with the scale and scope of the business, supported by robust processes and the strategy, needs to be reviewed on a regular basis, and commensurate with emerging risks;
- Risk management policies that address the material risks and risk areas that arise from the insurer's business activities;
- Risk management procedures and tools that enable the insurer to identify, assess, scan, report on, and alleviate any material risks to which it is exposed;
- An effective system of internal controls that ensure that the insurers' strategic objectives, as well as the set policies and processes in the risk management system are in fact in place, being observed, and attaining their intended outcomes; and

- A risk governance structure to provide governance oversight to the risk management system, which include at least the following control functions: a risk management function, a compliance function, an internal audit function, and an actuarial function.

The Prudential Standard GOI 3.1 (2018:1-6) also requires insurers to conduct an Own Risk Solvency Assessment (ORSA) annually, when the insurer's risk profile changes materially, or as and when directed to do so by the PA.

The ORSA is intended to address the following:

- Assess the current and future financial soundness of the insurer's business;
- Assess reasonably foreseeable and relevant material risks, which must include as a minimum: underwriting risks, credit risks, operational risks, and liquidity risks, as well as any other risks arising from the insurer's operations;
- Have processes and procedures in place to measure short- and long-term risks facing the insurer; and
- Includes an assessment of any potential future changes in the insurer's risk profile.

2.6 THE RISK MANAGEMENT FRAMEWORK

The two frameworks most widely used in ERM, insofar as risk assessment, treating and monitoring is concerned, are COSO and ISO 31000.

COSO (2017) defines the ERM framework as a strategic process that is applied across and at every level of an enterprise, to identify any likely occurrences that may adversely affect an organisation from achieving its strategy and business objectives, thus, ensuring that any such occurrences or risks are within the entity's risk appetite, and providing rational assurance and enabling the entity's management and board of directors to be able evaluate, create, realise and preserve the organisation's value.

COSO emphasizes the following twenty principles under its five key components:

Governance & Culture

- Board risk oversight;
- Establishment of operating structures;
- Defining desired culture;

- Commitment to core values; and
- Attracting, developing, and retaining capable skills.

Strategy & Objective-Setting

- Analysing business context;
- Defining risk appetite;
- Evaluating alternative strategies; and
- Formulating business objectives.

Performance

- Identifying risks;
- Assessing the severity of identified risks;
- Prioritising risks;
- Implementing risk responses; and
- Developing a portfolio view of risk.

Review & Revision

- Assessing any substantial change in the risk portfolio;
- Reviewing risk and performance; and
- Pursuing improvement in Enterprise Risk Management.

Information, Communication & Reporting

- Leveraging information and technology;
- Risk information communication; and
- Risk, culture, and performance reports.

On the other hand, the ISO 31000 (2018:4) defines the ERM risk management framework's purpose as being to assist an organisation to integrate risk management into notable projects and tasks and that its success is dependent on its integration into the organisation's governance and decision-making. ISO 31000's International Standard Risk Management – Guidelines (2018), emphasizes that the following are essential elements for the establishment of a worthy ERM framework design:

Organisational Contextualisation – Understanding the organisation's internal and external contexts.

Articulating risk management commitment – Establishing a risk management policy, which specifies the organisation's purpose, objectives and policies, integrating risk management into the organisation's corporate culture, decision-making and business activities, roles and responsibilities, monitoring, review and improvement mechanisms.

Assigning organisational roles, authorities, responsibilities, and accountabilities – Accountability for measuring the risk management process ownership, implementation, maintenance, control and reporting.

Integration into organisational policies – ERM integration into practices and processes in an effective and efficient manner.

Allocating Resources – Allocation of appropriate resources for ERM (i.e., people, skills, information management systems, tools, processes and procedures, training, and development needs).

Establishing Communication & Consultation – Establishing an approved approach to timeous communication and consultation with targeted audience (both internal and external) and reporting mechanisms to ensure that such information is harmonised and shared, with feedback being suitably provided and improvements being made.

The difference between these two ERM frameworks is that COSO largely focuses on broader corporate governance issues as a way of dealing with ERM, whilst ISO 31000 largely puts emphasis on ERM being embedded in organisational strategic make-up and planning in order for it to be effective.

The difference between these two frameworks' risk management process can be summarised as follows:

Table 2.1: COSO & ISO 31000 Framework Differences

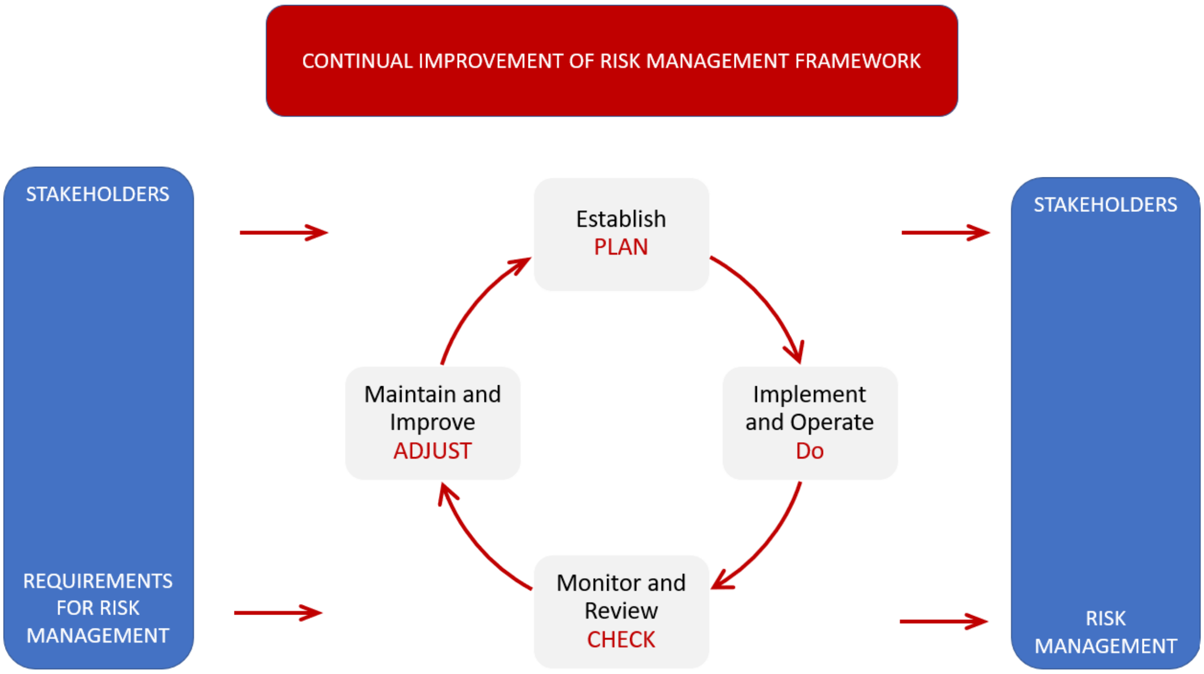
COSO (2017)	ISO 31000 (2018)
1. Governance & Culture, Strategy & Objective Setting	Establishing the Organisational Context
2. Performance, Event Identification, Risk Assessment & Risk Response	Risk Assessment & Risk Treatment
3. Review & Revision (Control Activities, Monitoring)	Monitoring & Review
4. Information, Communication & Reporting	Communication, Consulting, Recording & Reporting

Source: Rubino (2018:207)

In South Africa, the guideline often used is the IRMSA Guideline to Risk Management, which is aligned to the ISO 31000 international risk management standard and also regulated by the code and principles of the third King Report on Governance for South Africa (King III, 2009), insofar as local compliance and corporate governance are concerned. The IRMSA Guideline to Risk Management (2014:17) proposes that the risk management framework should be structured as follows:

- *Plan* – Set up the risk management framework.
- *Do* – Execute the risk management process.
- *Check* – Examine and evaluate the risk management process.
- *Adjust* – Review and enhance.

Figure 2.2: The Risk Management Framework



Source: IRMSA Guideline to Risk Management (2014).

2.7 THE RISK MANAGEMENT PROCESS

The next step after setting up the risk management framework, is to execute the risk management process.

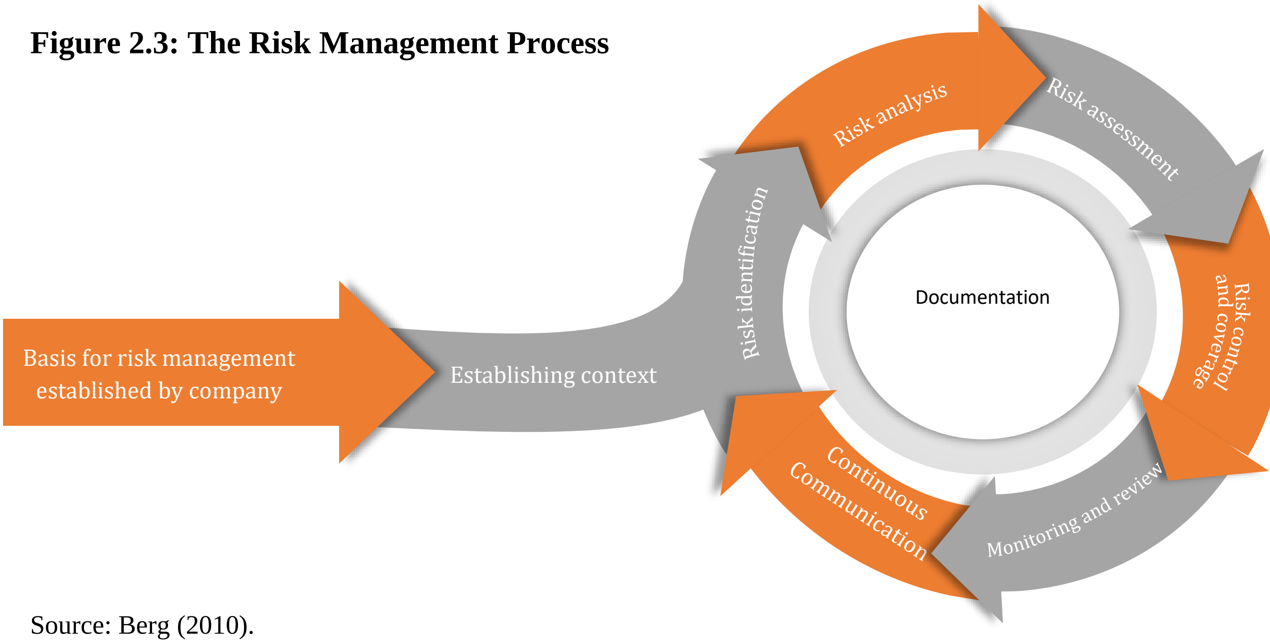
Culp (2001:226) defines the risk management process as a series of actions or steps taken by an organisation, in an effort to try and ensure that the risks that it is exposed to are known and exposed, so as to safeguard the interests and well-being of the organisation's stockholders.

According to Berg (2010:82), the risk management process or steps are as follows:

- Establishing objectives and context (i.e., the risk universe);
- Recognising or classifying risks;
- Investigating the identified risks;
- Assessing or appraising the identified risks;
- Treating or curing the identified risks (i.e., control implementation);
- Monitoring and reviewing the risks (i.e., the effectiveness of the implemented controls) and the risk universe regularly; and
- Continuous communication, consultation with and reporting to stakeholders.

Berg's risk management process is largely derived from both COSO and ISO 31000, coupled with SWOT (Strength, Weaknesses, Opportunities and Threats) as well as PEST (Political, Economic, Societal and Technological) environmental analysis, as well as other creativity tools, fault trees and fundamental methods such as HAZOP (Hazard and Operability) studies and Failure Mode and Effect Analysis (FMEA). Berg's risk management process is illustrated in Figure 3.

Figure 2.3: The Risk Management Process

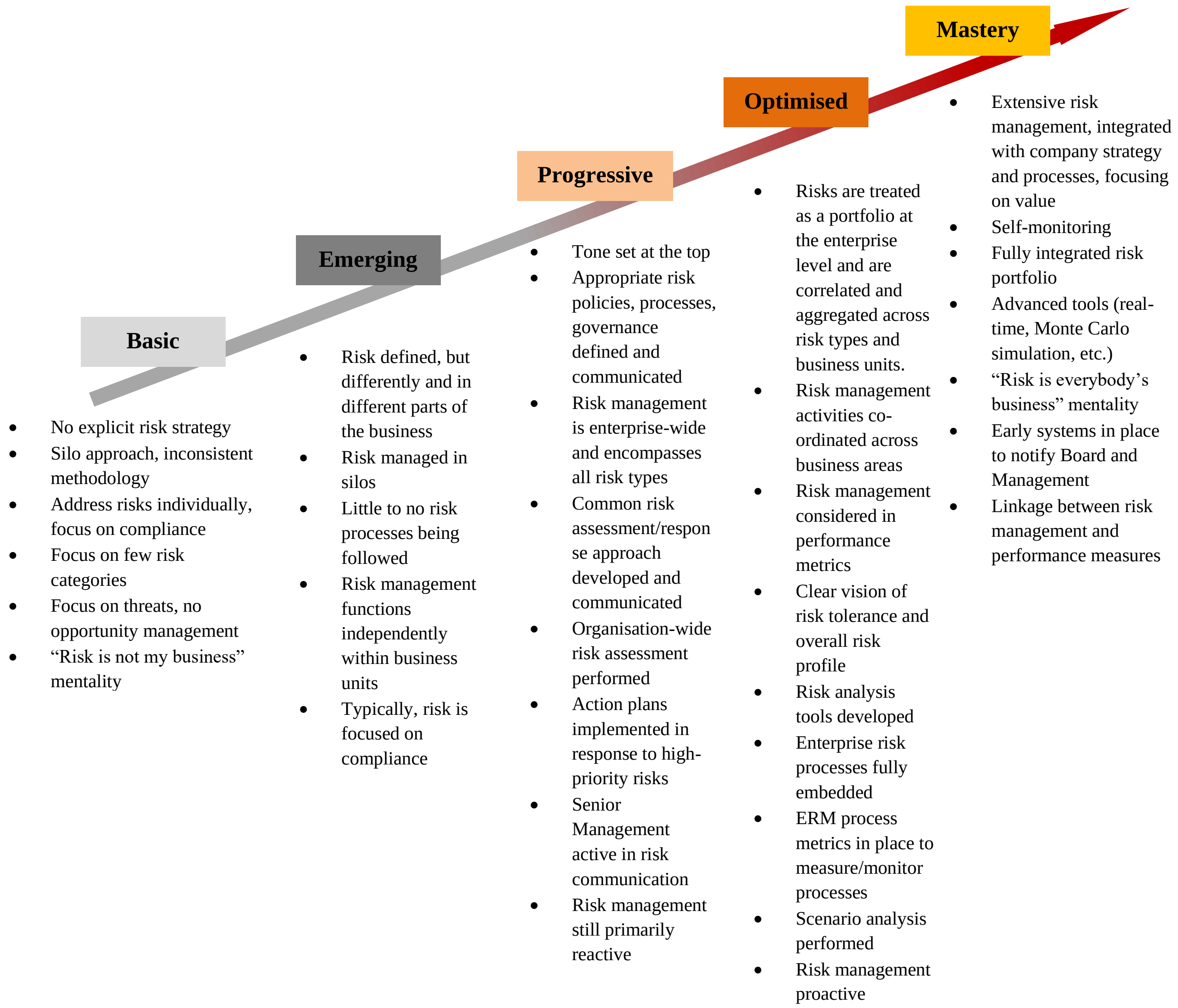


Source: Berg (2010).

2.8 THE ERM JOURNEY

Once the ERM process is in place and ongoing, it is important for an organisation or business entity to view it as a journey and the need to track ERM adoption and integration as a journey from birth, right up until ERM is immersed in the business operations (Spencer Pickett, 2006:57). The ERM journey is depicted in Figure 4.

Figure 2.4: The ERM Journey



Source: African Reinsurance Corporation (2015).

The ERM Journey or adoption and integration process can be described as follows:

(i) *Basic*: There is no explicit risk strategy in the organisation. Risks are addressed individually and often inconsistently, more so for compliance purposes.

(ii) *Emerging*: Risks that the organisation faces are defined, but still in a reactive and silo manner in the different parts or units of the business, with little or no process being followed and again the focus being more for compliance purposes.

(iii) *Progressive*: At this stage the tone is set and driven from the top, with appropriate risk policies, processes and governance issues defined and communicated throughout the organisation. The risk management process is now enterprise-wide and communicated across the organisation and with appropriate action plans.

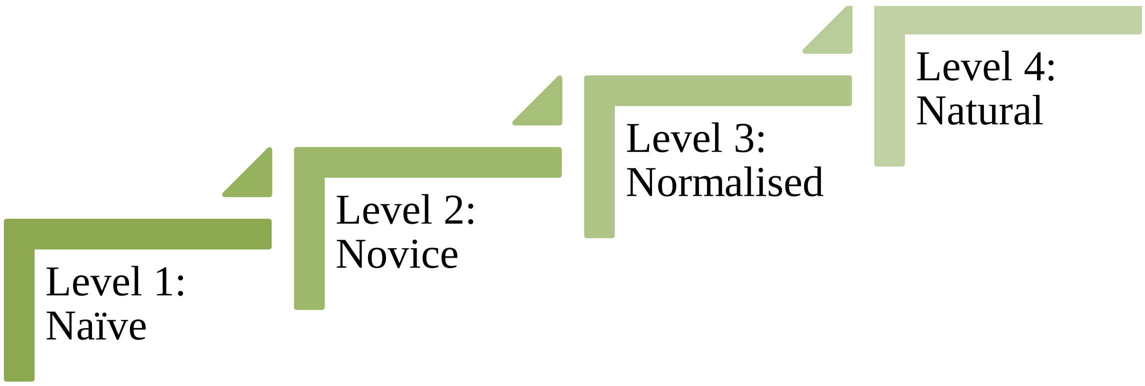
(iv) *Optimised*: At this stage risks are treated as a portfolio at an enterprise level and correlated and aggregated across all risk types and business units, with risk management activities coordinated across all business areas. There is a clear vision insofar as risk tolerance and risk profiling is concerned. ERM process metrics are in place to measure and monitor processes, with risk analysis tools developed to perform scenario analysis. The enterprise risk process is fully embedded in the organisation and risk management is proactive.

(v) *Mastery*: At this stage there is extensive risk management, which is integrated within the organisation's strategy and processes. There is a fully integrated risk portfolio, with advanced real-time risk analysis tools and self-monitoring early notification mechanisms in place to notify the board of directors and management. Lastly, there is also now a linkage between risk management and performance measurement.

2.9 THE RISK MATURITY MODEL

In order to effectively measure the effectiveness of an organisation's ERM implementation journey over a period of time, it is important for organisations to adopt a Risk Maturity Model (RMM). A RMM is an effective tool or approach to ERM adoption and integration, which helps organisations to progressively assess their ERM adoption and integration practices, by means of benchmarking progress against an ERM maturity model. Hillson (1997:37-38) describes risk maturity as being in four progressive levels (Figure 5).

Figure 2.5: The Risk Maturity Model



Source: Hillson (1997).

Level 1: Naïve – Such an organisation is unaware of the need for risk management, has no structure in place to deal with uncertainty, and has a reactionary approach to dealing with organisational threats or uncertainty. This can also be described as the initial level.

Level 2: Novice – Such an organisation is experimenting with risk management and has no formal structure or processes in place to deal with risks or threats facing the organisation. This can also be described as the basic level.

Level 3: Normalised – Such an organisation has formalised the management of risks in its business structure and processes, and the benefits or proper risk management are clearly understood across the organisation. This can also be described as the standard level.

Level 4: Natural – Such an organisation has a risk-awareness culture and a pro-active approach to managing risks across all facets of its operations, with risk information used to improve its business processes by managing any opportunities or threats that the organisation is faced with on a continuous basis. This can also be described as the advanced level.

2.10 BENEFITS OF ERM ADOPTION AND INTEGRATION

Lam (2003:45-47) described the benefits of ERM and the full understanding of various risk factors for the longevity and viability of the organisation, as well as the importance of these factors on the adoption of ERM into corporate strategy and operational activities. According to Gatzert and Martin (2015:48-49), ERM enables organisations to manage corporate risks that they are faced with in an all-encompassing or coherent manner, as opposed to the silo-based approach. The proper implementation of ERM has now become of great significance and importance for insurance companies, due to the growing interest in risk management, given the increased emphasis on good corporate governance (Altuntas, Berry-Stolzle & Hoyt, 2011: 414-439).

According to COSO (2017) some of the benefits of integrating ERM include enhancing an organisation's ability to:

- *Increase the range of opportunities*: By enabling managers to consider both the positive and negative aspects of risk and the distinct challenges, thereby identifying potential opportunities for both the present and the future.
- *Increasing positive outcomes and advantage, whilst reducing negative surprises*: ERM enables an organisation to pro-actively identify potential risks facing the organisation and

to take appropriate measures, thereby increasing positive outcomes, whilst reducing any negatives surprises and the associated potential costs or losses thereto.

- *Identifying and managing risk entity-wide*: ERM enables an organisation to identity a multitude of risks that can potentially impact different divisions or aspects of the organisation's operations, thereby enabling it to succour and enhance its performance.
- *Increasing positive outcomes and advantage while reducing negative surprises*: ERM enables organisations to improve their ability to identify risks and to take relevant or suitable measures, thereby reducing any surprises and the related costs that come with them, whilst at the same time benefiting from identified upside risk turn of events or occurrences.
- *Reduce performance variability*: ERM enables an organisation to foresee risks that can potentially affect its performance and to take the necessary pro-active measures to minimise disruption.
- *Improve resource deployment*: ERM enables an organisation to obtain vast and detailed information of potential risks that it is faced with, which helps it to effectively gauge its resource needs and thereby make the best of its resource allocation.
- *Enhancing enterprise resilience*: Effective ERM enables organisations to foresee and react to change not only to remain alive in the short-term, but to feasibly progress and flourish in the medium- and long-term.

ISO 31000 (2018:22-23) posits that the attributes of enhanced risk management are as follows:

- *Continual Improvement in risk management*: Through the setting of organisational performance goals, quantification, evaluation and alteration of processes, systems, resources, capabilities, and skills.
- *Full accountability for risks*: By ensuring that appointed individuals and departments or divisions within the organisation are not only properly skilled and resourced, but that there are also checks and balances to detect, control and to efficaciously communicate about risk management to both internal and external stakeholders.
- *Application of risk management in all decision making*: By ensuring that there is clear and constant reflection on risk and risk management in decision making at all levels within the organisation.
- *Continual communications*: By ensuring recurrent and exhaustive two-way reporting on risk management performance with both internal and external stakeholders, as part of effective good governance within the organisation.

- *Full integration in the organisation's governance structure*: By ensuring that the organisation's governance structures and processes are contingent on the management of risk and that effective risk management is considered by an organisation's management to be critical for the achievement of an organisation's objectives.

Furthermore, ISO 31000 (2009:22) states the benefits or key outcomes of enhanced risk management as follows:

(i) The organisation has up-to-date, accurate and extensive appreciation of its risks.

(ii) Ensures that the organisation's risks are within its risk appetite or benchmark.

Agarwal and Ansell (2016:427-439) postulate that good strategic risk management enables businesses to have resilient strategies in their understanding of risks that they are faced with, improved risk reporting, creation of a risk culture and can embrace large scale change in their organisations.

Matz and Neu (2007:7-9) posit that sound liquidity risk management and control is crucial for the long-term feasibility of any organisation. According to Banks (2005:7), good liquidity risk management enables a company to meet its liabilities, contractual commitments, and also fund its growth at a reasonable economic cost, as and when needed or required to do so.

According to Van Gestel and Baesens (2009:42-43), good credit and counterparty risk management enables financial institutions to avoid the risks of credit concentrations, poor discipline, and aggressive inadequate pricing. It enables the financial institutions to make a good selection of counterparties and products, to limit their exposure by means of risk profiling and credit limits, avoiding credit risk concentration by having diversified portfolios and credit enhancement or credit risk mitigation by means of purchasing credit protection (e.g., guarantees or derivatives). Financial institutions with good credit and counterparty risk management will have written policies and procedures, credit committees, credit watchlists and constant communication to senior management and business units.

Alexander (2008:1-6) advances that good market and investment risk management helps financial institutions to manage market risk volatility and price sensitivities more accurately.

Witt and Urrutia (1983:403-429) posit that good regulatory risk management helps to ensure the financial solvency of an insurance operation and the overall economic feasibility of the insurance industry at large. Good regulatory risk management helps with the formation of insurance companies, minimum capital and surplus requirements, policy provisions, prescribed accounting methods, market conduct, investment policies, underwriting and pricing standards, as well as claims settlement procedures (Witt & Urrutia: 405).

The aim of good operational risk management is to help ensure that the various operational risk exposures faced by an organisation are identified and addressed as efficiently as possible by means of adequate operational controls, good corporate governance, and continuity of business processes (Frost, Allen, Porter & Bloodworth, 2001:2). According to Blunden and Thirlwell (2010:27), the benefits of good operational risk management are to ensure that a firm's board-approved risk appetite is aligned with the firm's business policies and objectives, as well as ensuring risk and control ownership and responsibility, whilst reducing any slip-ups and replications.

According to Larkin (2003:2), the benefits of good reputational risk management are as follows:

- It reduces tension between a business and its stakeholders;
- It reduces competition hurdles, thus promoting a firm's business development;
- It creates a helpful environment for the firm's investment and access to capital;
- It helps the firm to attract, develop and retain the best employees, suppliers, and other business partners;
- It helps the firm to secure prestige pricing for its products and services;
- It helps to minimise the firm's share price and to contain any market volatility;
- It helps to reduce the threat of increased regulation or potential litigation;
- It reduces any potential for crises or predicaments for the firm; and
- It helps to institute or form confidence and integrity or good standing between a firm and its stakeholders.

Good currency and country risk management helps the insurance industry to better manage foreign exchange risk fluctuations, when dealing with overseas markets (i.e., brokers, reinsurers or retrocedents) or when they are attracting investors or taking on investments in insurance business elsewhere outside of South Africa. It also helps the industry to better manage risks brought about by disparities in national economic structures, policies, socio-political institutions, geography, and currencies (Bouchet, Clark & Groslambert, 2003:12).

Such risks include exchange control regulations, foreign exchange, economic embargos, and political instability (Young, 2006:4).

Underwriting risk management is by far one of the most critical in the insurance industry. Good underwriting risk management enables insurance companies to be better prepared to manage risks arising from insurance contractual commitments, maintaining a good claims loss ratio, containing management expense overruns and policy cancellations (South African Reserve Bank Prudential Authority, 2018:2). This includes good risk assessment, pricing and managing premium and reserve risk adequately, as well as lapse risk and catastrophe risk provision.

Billio *et al.* (2010:50) argue that robust systemic risk management equips finance and insurance sector players with tools to assess, monitor, and predict market instabilities and fraud, thereby averting their severe impacts.

Good ESG risk management enables firms to develop, measure and manage ESG-related downside risks and the consequential reputational and financial impact thereto (Sautner & Starks, 2021:15-16).

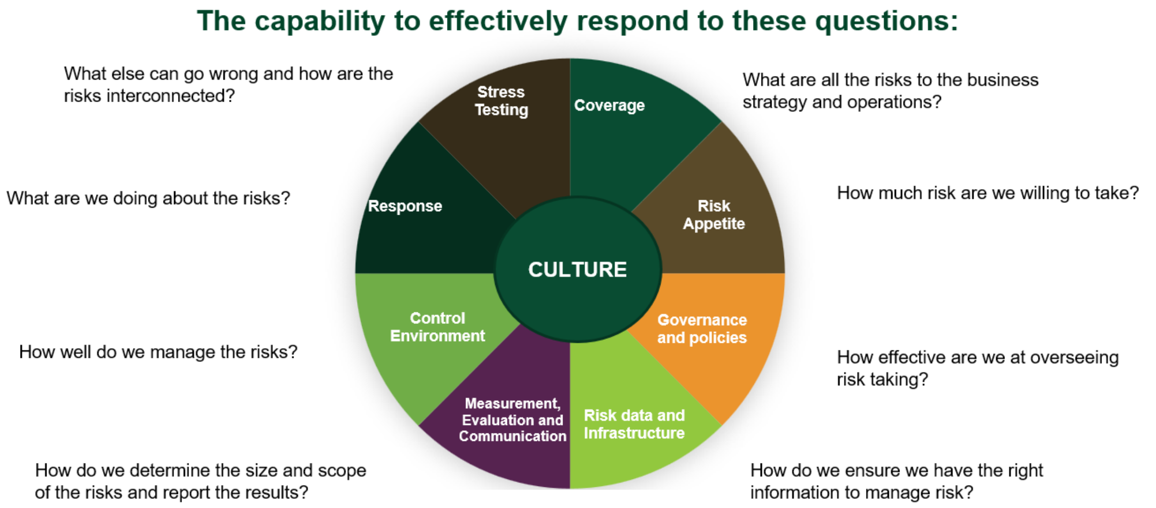
A study by Hoyt, Moore and Liebenberg (2008:17), and Hoyt and Liebenberg (2011:795-822) of the publicly traded insurance companies in the United States, showed that there is an economically significant positive relationship between firm value and ERM adoption. Eckles, Hoyt and Miller (2014:422-423) also concluded that firms that implement ERM experience lower risk, higher profits, and reduced volatility post-adoption, and thus tend to become stronger over time.

Acharyya and Mutenga (2013:22) concluded that effective ERM adoption does indeed create value for both shareholders and policyholders in companies within the non-life industry, as it enables them to track and reduce volatility. However, they emphasised that this value can only be achieved if ERM is implemented holistically. Obalola, Akpan and Abass (2014:159) also concluded, from their study of the Nigerian insurance industry, that there is a notable symbiotic relationship between ERM adoption and improved organisational performance, whilst also amplifying the organisation's reputation, its finances, and operations. Farrell and Gallagher (2015:651-652) posit that firms that have fully adopted ERM and are considered to be mature in their ERM approach, tend to show a notable increase in their firm value, due to their ability to detect and trace risk. A study by Grace, Leverty, Phillips and Shimpi (2015:289-316), concluded that ERM adoption results in remarkable increases in cost and revenue efficiency capabilities for firms.

Jastaniyah (2017:34) impresses that financial institutions need to understand that they are faced with risk management challenges, which need to be addressed effectively, and that the main purpose of risk management is to improve decision-making across an organisation, with the overall aim being to increase shareholder value.

In the final analysis, an organisation with an effective ERM should be able to respond to the following questions depicted in Figure 6:

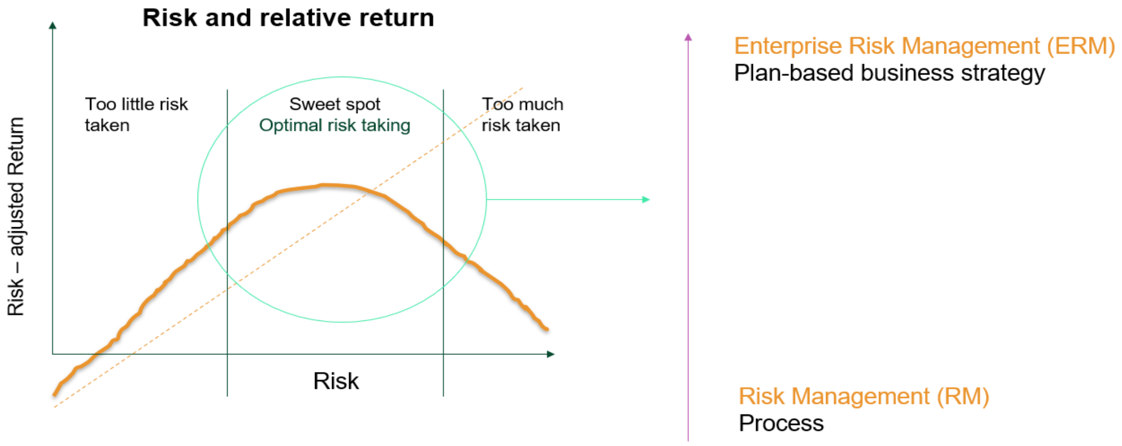
Figure 2.6: ERM Capabilities



Source: African Reinsurance Corporation (2022).

In addition, it is important to note that at the centre of any organisation with an effective ERM adoption regime, is a good corporate culture and governance, which in turn influences a good risk management culture. Corporate culture enhances the relationship between good corporate governance and ERM implementation (Pratama & Augustine, 2019:24). Furthermore, having a strong risk culture does enable employees to understand the organisation's overall strategic intention and risk appetite, and to also freely discuss prevailing risks and opportunities in the organisation (Cooper, Faseruk & Khan, 2013:53-68).

Figure 2.7: Risk & Relative Return



Source: African Reinsurance Corporation (2022).

An organisation with good and effective ERM should always ultimately aim for optimal risk taking, otherwise also known as the "sweet spot" (Figure 2.7 above), whereby they do not take too little risk or too much risk, whilst also balancing risk and relative return.

The overall benefits of good ERM adoption are:

- It helps to improve organisational effectiveness;
- It improves business performance;
- It helps an organisation to prioritise the level and content or risk reporting;
- It reduces volatility;
- It helps reduce losses;
- It helps to improve a firm's market value;
- It helps to maximise shareholder value; and
- It promotes jobs and financial security.

This study aims to ascertain the presence and extent of a positive correlation between the impact of identified risks in the insurance industry and the viability of short-term insurance companies in South Africa, with a particular focus on the degree of ERM adoption. The empirical findings will offer valuable insights, guiding the development and execution of management strategies within the insurance industry. These strategies, informed by the study, are expected to optimise performance while upholding robust corporate governance and ensuring regulatory compliance.

CHAPTER 3 - RESEARCH DESIGN & METHODOLOGY

3.1 INTRODUCTION

This chapter aims to clarify the research design and methodology used in this study by providing justification of the research design, methodology, as well as the particular research techniques chosen for this study. The aim of the investigation, theoretical foundation, design of the study, sample, data collection, and data analysis methods will be explored in this chapter.

3.2 RESEARCH DESIGN

The research design used in this study was a single cross-sectional survey design (Leedy & Ormrod, 2014:194). The cross-sectional design is one of the most popular research design methods because it is cost-effective and relatively easy to administer. Furthermore, it is applicable when information from different sources needs to be collected at once and within a short space of time (Olsen & St George, 2004:7). Such collated information can then be observed and noted as being representative of the entire population group at a specific point in time (Olsen & St George, 2004:7). Therefore, conclusions about larger population characteristics can be drawn based on the observation of the selected sample.

3.3 RESEARCH METHODOLOGY

3.3.1 Chosen Methodology & Approach

Research methodological approaches can take the form of either a quantitative, qualitative or mixed-methods approach. This study used a quantitative research methodology approach, which followed a positivistic paradigm. Gay, Mills and Airasian (2011:630) define quantitative research as a methodology that involves the gathering of numerical data to explain, predict, and/or control phenomena of interest. It is appropriate to be used in instances where the researcher needs to measure variables under review in some numerical way through commonly accepted measures and within a very short space of time. A quantitative research method allows for the interpretation and reporting of the outcomes of the study in an objective way, which is independent of the researcher (Leedy & Ormrod, 2014:98). The positivist paradigm is an epistemological perspective that views the social world as a closed system in which causal relationships can be discerned through empirical observation and experimentation (Sousa, 2010:456).

3.3.2 Population

A population, also referred to as a universe, is all items in any chosen field of enquiry or research possessing similar characteristics (Kothari, 1990:158).

3.3.3 Target Population

The population in this study was insurance companies, Underwriting Management Agencies (UMAs), reinsurance companies, reinsurance, and retail brokers, as well as specialist underwriting and claims administrators in the short-term insurance industry in South Africa. The targeted respondents were directors, executives, managers, and professional staff, such as underwriters, claims negotiators and finance and administration professionals therein.

3.3.4 Sample

A sample is a "specified number of units selected from a population" (Lyons & Doueck, 2010:109). A sample of 100 short-term insurance practitioners, who are in professional staff, management, executive management, or directorship roles was targeted through stratified random sampling from across the short-term insurance industry in South Africa. According to Leedy *et al.* (2014:217), stratified random sampling is a sampling method by which the researcher selects equally from each of the layers or segments in the overall population. This sample represents the overall population in terms of the type of companies and the respondent's roles within these companies, considering that there are over 90 registered non-life and composite insurance companies in South Africa (Prudential Authority, Insurers List: 2021). Therefore, a fair selection was made of respondents who are professional staff, management, executive management, and directorship roles within the industry. Furthermore, there was also a fair selection of organisational participants across the industry, from insurance companies, Underwriting Management Agencies (UMAs), reinsurance companies to reinsurance and retail brokers.

3.3.5 Questionnaire Design

A questionnaire comprising structured or closed questions was prepared to collect data using a 5-point Likert scale. In addition, a covering letter explaining the purpose of the study was included to guide the respondents on how to complete the questionnaire.

The questionnaire was distributed electronically via the Survey Monkey, to the respondents in the short-term insurance industry in South Africa. The questionnaire consisted of structured or closed questions, which was used to generate quantitative data that will be presented statistically.

For this study, a target of 60 completed questionnaires was established as a representative sample, given the specialised nature of the participant pool, consisting of professionals in the short-term insurance industry. This is given that a sample size of between 30 and 500 at five percent confidence level is normally observed to be adequate for most researchers (Delice, 2010:2008). A sample size of 60 is based on the central limit theorem. Cramer and Howitt (2004:22) describe the central limit theorem as a fundamental principle in statistics that describes the probability distribution of the means of samples drawn from a population. The central limit theorem is a tool used in inferential statistics to draw conclusions about sample characteristics *vis-à-vis* the population under review. Thus, the central limit theorem is essential when researching smaller samples to infer and draw conclusions for larger populations (Le Cam, 1986:78-91).

The questions were analysed statistically and quantitatively. The focus of the questions was to assess the various insurance industry leaders' view of the stated insurance industry risks on the viability of their organisations. Furthermore, the questions also sought to assess the respondents' perception of ERM adoption and integration in their respective organisations, with the aim of analysing the extent of the adoption and integration of ERM in the short-term insurance industry at large and the perceived impact of ERM adoption and integration on the viability of the industry.

The questionnaire was divided into the following sections:

Section A – Demographic information (i.e., type of organisation, size of organisation, respondent's role in the organisation, years of experience etc.).

Section B – Identifying and defining insurance industry risk variables.

Section C – Assessing the impact of the industry risks variables on the insurance industry.

Section D – Assessing the extent of adoption and integration of ERM in the insurance industry, as well as its impact on the viability of the industry.

The questionnaire was distributed electronically via Survey Monkey to collect data from respondents.

3.4 STATISTICAL ANALYSIS

This study consisted of a quantitative empirical investigation and examined the relationship between the predictor (independent) variable, being ERM adoption and integration, and the predicted (dependent) variable, being the viability of the short-term insurance industry. The cross-sectional survey was aligned with the study's overall objective: to assess the adoption and integration of ERM in the short-term insurance industry.

The study used the following statistical methods to capture data, using the Statistical Package for Social Sciences (SPSS) Data Analysis Version 27 software for Microsoft Windows:

Table 3.1: Types of Statistical Analysis & Empirical Objectives

Type of Analysis	**Empirical Objective**
Descriptive Statistical Analysis	To summarise the respondents' view on the different risk variables that the insurance industry is faced with, the extent of their impact, as well as the potential relationship between ERM adoption and the viability of the industry.
Cluster Analysis	To identify and segment the respondents' views on the different risk variables' impact on the insurance industry into homogenous groups, as well as group their views on ERM adoption.
Significance Tests	To observe and determine, based on the sample data, whether to support or reject the hypothesis that there is a significant relationship between ERM adoption and the insurance industry's viability.
Pearson's Correlation and Regression Analysis	To assess the strength and direction of the relationship between ERM adoption to the viability of the insurance industry.
ANOVA	To check the variation of the industry respondents' perception of the industry risks as well as their views on the extent of the adoption and integration of ERM in the insurance industry and its impact on the viability of the industry.
Reliability and Validity Analysis	To check consistency and accuracy of what the research set out to measure, in order to evaluate the quality of our research on the impact of ERM adoption on the insurance industry's viability.

The following steps were followed in the data collection procedure:

- Identifying appropriate participants within the short-term insurance industry. The respondents were those in management, executive management, and directorship roles within the short-term insurance industry in South Africa, whom the principal investigator deals with as clients on a day-to-day basis.

- The principal investigator obtained the contact details of the participants, from the day-to-day client database, which is stored electronically and strictly monitored by the principal investigator's IT Department in terms of the Protection of Personal Information Act 4 of 2013 (POPIA: 2013).
- Before the participant could answer the questionnaire, ethical considerations and other rights of the participants were clarified in both the consent form and the questionnaire.
- The consent form effectually clarified the motivation, objectives, and the benefits of the study to participants.
- The study obtained a consent form from all participants before taking part in the study, in which the consent form provided participants with adequate opportunity to consider all options, responding to participants' questions, ensuring that the participants correctly interpret this information.
- A questionnaire was distributed electronically, by means of individual emails, to the participants to ensure that the research encompasses a wide range of demographics. No other person will be identified.
- This study utilised the Survey Monkey to construct an organised online questionnaire to accumulate the various responses. The anonymity function was enabled in Survey Monkey to hide certain privacy fields (for example, the participants email and IP address as well as the region code).

The data collected was then analysed in the following order:

The data was first analysed using descriptive statistical analysis, which summarised the quantitative information collected from the sample. A descriptive research involves identifying possible associations among two or more phenomena without trying to change or modify it in any way (Leedy & Ormrod, 2014:190). Descriptive Statistical Analysis was used to measure the frequency, central tendency, dispersion, and position of data to describe the size, centre, shape and the spread of collected data using SPSS. Cluster Analysis was used to segment the data into homogenous groups (Diamantopoulos & Schlegelmilch, 2000:217).

Pearson's Correlation and Regression Analysis was used to assess whether two or more variables from the collected data were associated in one way or another (Leedy & Ormrod, 2014:303-304). The Pearson correlation coefficient (r) showed the magnitude of the association as well as the direction of the relationship.

Analysis of Variance (ANOVA) coefficient measurement scale (Leedy & Ormrod, 2014:313) was also used to analyse the difference of the means of the different group sets in the data by means of the null hypothesis testing.

Reliability and validity analysis was also used to check for consistency and accuracy (Diamantopoulos & Schlegelmilch, 2000:33) by running Cronbach's Alpha Test in SPSS.

A summative report on sample sizes, frequently used instruments, and the correlation sizes was provided, which indicates the variation of the industry respondents' perception of the industry risks as well as their views on the extent of the adoption of ERM in the insurance industry and its impact on the viability of the industry.

3.5 RELIABILITY AND VALIDITY

Reliability and validity were ensured by targeting only directors, executives, and senior management respondents, to share their direct observations of their respective organisations, thereby providing realistic, factual, and trustworthy observations from the industry's organisational leadership. A pilot questionnaire was also distributed to a few selected industry executives, in order to ascertain if the questionnaire was clear enough. Furthermore, confirmatory data analysis was also utilised to ensure that both descriptive and empirical statistical findings were reported on, and lastly, Cronbach's Alpha was also used to test reliability.

3.6 ETHICAL CONSIDERATIONS

Research should be guided by ethical principles of beneficence and duty of care (Darlington & Scott, 2002). This study followed ethical standards of academic research and approval was obtained from the North-West University Ethics Committee with ethics number NWU-00722-22-A4. The industry survey was done online, with immediate responses. The participants were given clear information on what participating in this study would involve and given the opportunity to decide on whether or not to participate. Participants were also assured that the questionnaires that they were completing and sending back would be treated anonymously and confidentially, and were also made aware of what will happen to the data and how it would be reported by the researcher. The safety and well-being of the participants was also ensured, with consideration also given to the North-West University Faculty of Economic and Management Sciences' research guidelines.

CHAPTER 4 - STATISTICAL ANALYSIS & DISCUSSION OF RESULTS

4.1 INTRODUCTION

This chapter aims to analyse, interpret, and present the results from the data that was collected. The study was conducted in the short-term insurance industry in South Africa and the data was collected from insurance companies, Underwriting Management Agencies (UMAs), reinsurance companies, reinsurance brokers and retail brokers in the short-term insurance industry in South Africa, with the targeted respondents being insurance professionals (i.e., underwriters, brokers), managers, executives, and directors therein.

4.2 DATA CHARACTERISTICS

The population in this study was general insurance companies, niche insurers otherwise referred to as UMAs, Cell Captive Insurers, reinsurance companies, reinsurance, and retail brokers, as well as other specialist companies such as insurance underwriting and claims administrators in the short-term insurance industry in South Africa. The targeted respondents were directors, executives, managers, underwriters, claims negotiators, and finance and administration professionals therein.

The questionnaire was distributed electronically via the Survey Monkey, to the respondents in the short-term insurance industry in South Africa. The questionnaire consisted of structured or closed questions, which was used to generate quantitative data that will now be presented statistically.

4.2.1 Response Rate

At least 100 questionnaires were distributed and of these, 63 were returned or responded to and available for data analysis and interpretation. The response rate was therefore 63%, which was considered to be sufficient for this study, considering that a target of 60 completed questionnaires was established as a representative sample, given the specialised nature of the participant pool, consisting of professionals in the short-term insurance industry.

The questionnaires were captured onto a spreadsheet and subsequently statistically analysed.

SECTION A: DEMOGRAPHIC INFORMATION

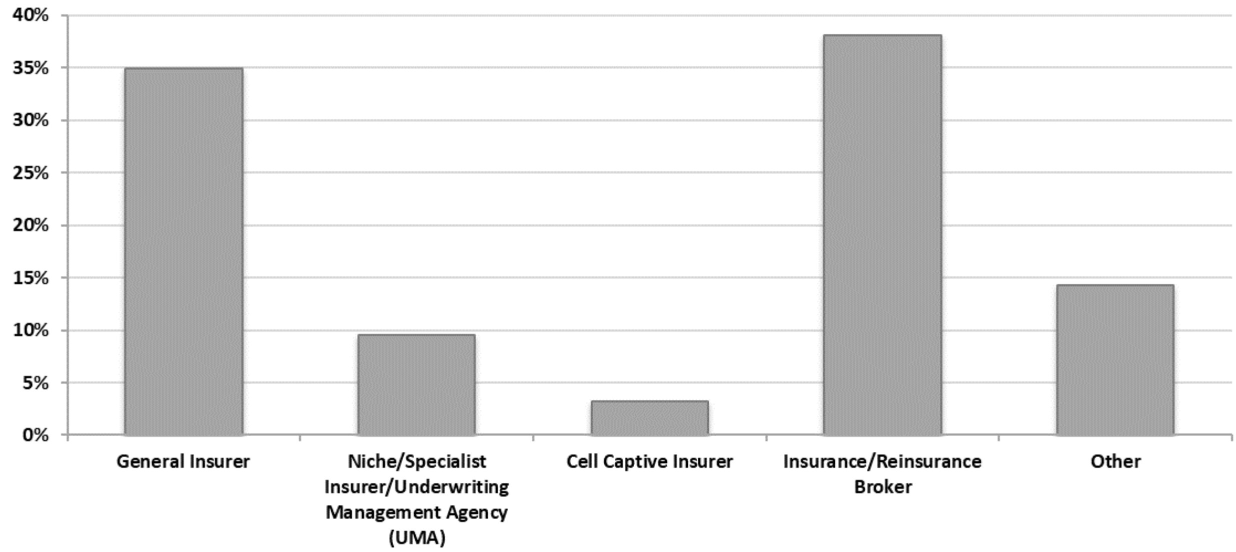
4.3 DEMOGRAPHIC PROFILES

The demographic profiles of the respondents were classified by the type of company or organisation that they worked for or represented, the respondents' role in the organisation, their years of experience in the insurance industry, the company size by number of employees in the respective organisations and the number of countries the organisation operated in.

4.3.1 Demographic composition by company type

As depicted in Figure 8, general insurers (i.e., non-life insurance companies) made up 35% of the total respondents; niche insurers/underwriting management agencies (i.e., companies that perform binder functions as expect underwriters on behalf of insurance companies) made up about 10% of the total respondents; cell captive companies (i.e., insurance companies wholly owned by its insured/s to insure the risks of its owners) made up just over 3% of the total respondents; insurance and reinsurance brokers made up just over 38% of the total respondents; whilst other specialist companies, such as reinsurance companies, insurance underwriting and claims administrators made up just over 14% of the total respondents.

Figure 4.1: Demographic composition by company type

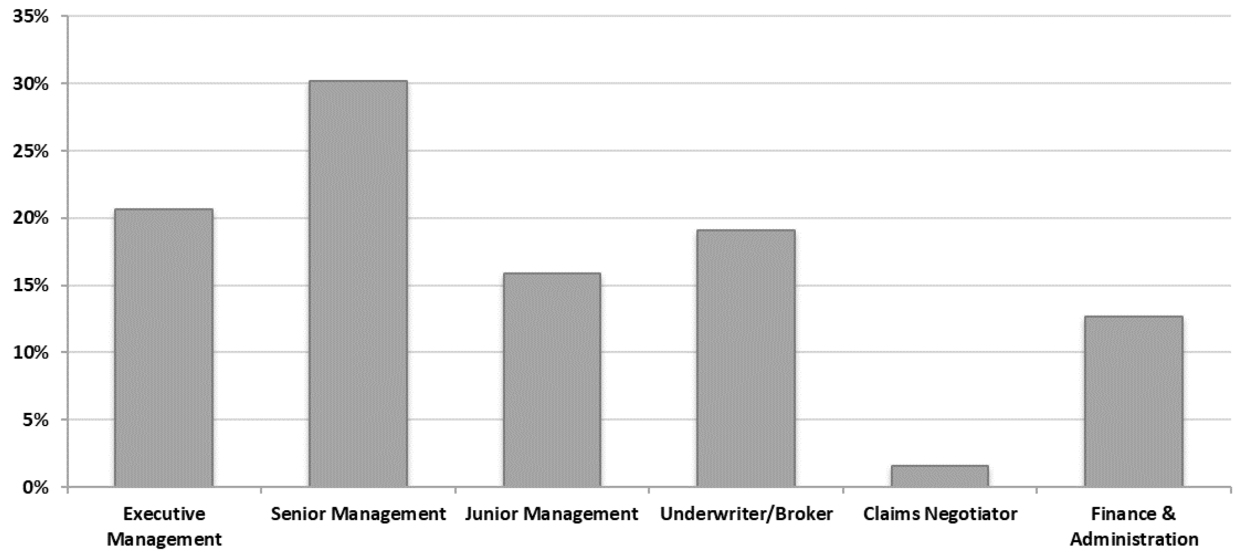


This demographic composition by company type is a fair representation of different types of companies in the short-term insurance industry in South Africa, considering that there are over 90 registered non-life and composite insurance companies in South Africa (Prudential Authority, Insurers List: 2021).

4.3.2 Demographic composition by respondents’ role in their organisation

The organisational roles of the participants comprised of executive managers who constituted slightly above 20% of the respondents, while senior managers represented slightly more than 30%. Junior managers accounted for nearly 16%, and professional underwriters and brokers combined for just over 19%. Claims negotiators comprised slightly less than 2%, and finally, staff in finance and administration roles made up nearly 13% of the total respondents.

Figure 4.2: Organisational role

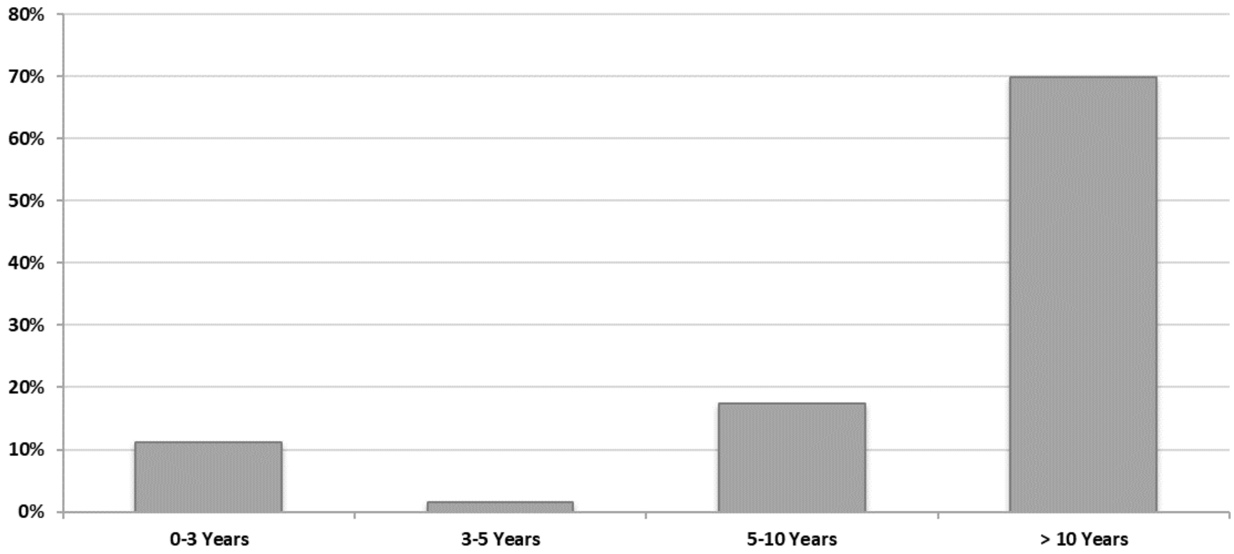


The largest complement of respondents were executive and senior managers, whose roles include managing organisational risks on a daily basis; therefore, they have a good understanding of the impact of ERM in their organisations.

4.3.3 Demographic composition by respondents’ industry experience

Among the respondents, nearly 70% possess over ten years of experience in the short-term insurance industry. This is followed by more than 17% with 5-10 years of experience, 11% with 0-3 years, and finally, just under 2% with 3-5 years of experience in the industry.

Figure 4.3: Industry experience

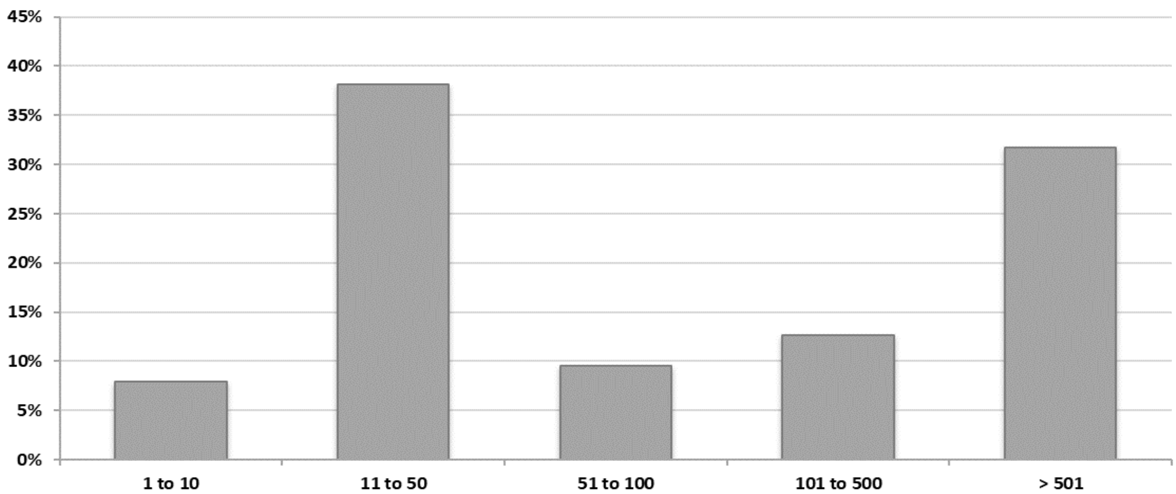


Most of the respondents have over 10 years' experience in the South African short-term insurance industry. They are thus quite experienced and have a good understanding of the industry and the risks that it faces, which makes their responses valuable to the study.

4.3.4 Demographic composition by number of employees in the organisation

Among the respondents, slightly more than 38% work in organisations with 11 to 50 employees. This is followed by nearly 32% in organisations with over 501 employees, approximately 13% in those with 101 to 500 employees, just over 9% in organisations with 51 to 100 employees, and finally, nearly 8% in organisations with 1 to 10 employees.

Figure 4.4: Number of employees in the organisation

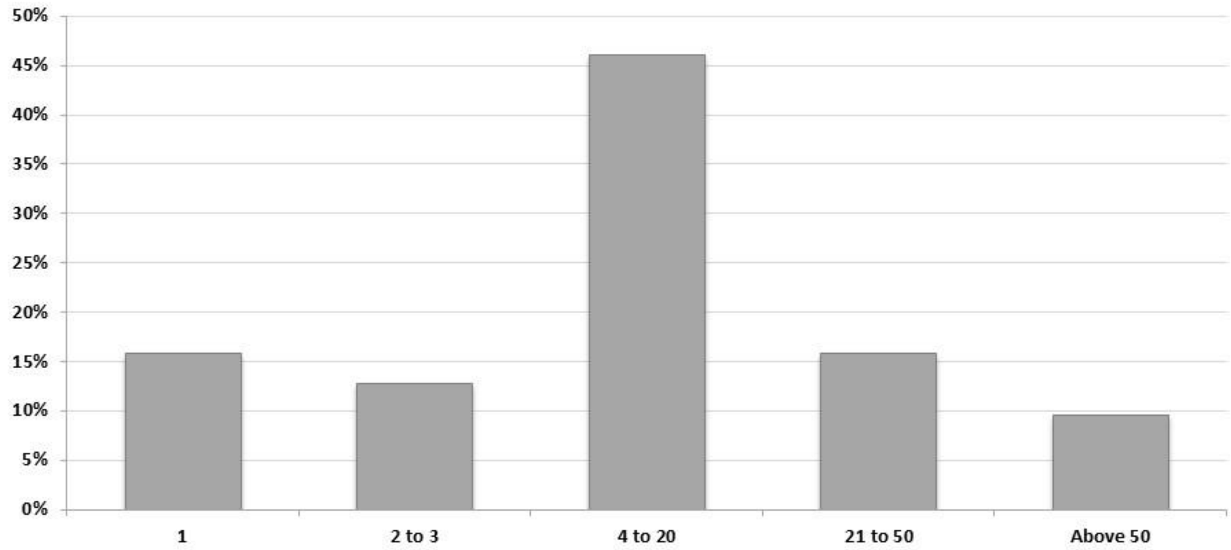


The respondents are drawn from companies that have quite a large staff complement of the South African short-term insurance industry. Therefore, their input stems from some of the biggest players in the industry, thereby making their responses quite valuable to the study, insofar as the South African short-term insurance industry is concerned.

4.3.5 Demographic composition by number of countries in which the organisation operates

In the study, slightly more than 46% of the companies operate in 4 to 20 countries. This is closely followed by nearly 16% each in two categories: those operating in a single country and those operating in 21 to 50 countries. Additionally, just under 13% operate in 2 to 3 countries, and slightly over 9% have operations in more than 50 countries.

Figure 4.5: Number of countries in which the organisation operates



The respondents are drawn from companies that operate from a geographical scope wider than South Africa. Therefore, their input is from a much broader understanding of the impact of enterprise risk management for their organisations.

SECTION B: RISK IDENTIFICATION IN THE INSURANCE INDUSTRY

4.4 ANALYSIS OF THE RESEARCH QUESTIONS – RISK IDENTIFICATION IN THE INSURANCE INDUSTRY

This section and Table 5 below provide the respondents' feedback on the generic risks identified in the short-term insurance industry in South Africa.

Table 4.1: Risk identification in the insurance industry

Risk Identification in the Insurance Industry	Strongly Disagree	Disagree	Slightly Disagree	Agree	Strongly Agree
Poor business decisions or improper implementation of decisions can impact on my organisation's capital, revenue, and even on reputation.	9,84%	0%	0%	18.03%	72.13%
Solvency and the availability of cashflow is a very critical risk in my organisation.	4.92%	1.64%	1.64%	29.51%	62.30%
The failure of creditors (i.e., intermediaries, cedants, etc.) to meet their obligations is a potential risk in my organisation.	6.56%	3.28%	3.28%	36.07%	50.82%
The risk of my organisation failing to achieve expected return on its investment is very high.	16.67%	35%	10%	35%	3.33%
The risk of losses from market price volatility is very high for my organisation.	3.28%	29.51%	19.67%	32.79%	14.75%
The threat posed to my organisation's financial and reputational standing due to violations of laws, regulations and standards of practice is very high.	18.03%	26.23%	1.64%	29.51%	24.59%
The risk of the impact of the change in my organisation's value due to failed internal processes, people and systems is very high.	13.11%	26.23%	13.11%	31.15%	16.39%
My organisation is faced with the risk of the potential failure of technology (i.e., system glitches, poor IT skills, cyber-attacks) and its impact on the disruption of my organisation's business operations.	9.84%	26.87%	11.48%	36.07%	14.75%
The threat to the good name and standing of my organisation, due to the actions of directors and employees in my organisation is very high.	18.03%	27.87%	8.20%	29.51%	16.39%

The possibility of my organisation losing money due to unfavourable movements in the exchange rates is very high (i.e., foreign exchange risk).	8.20%	24.59%	24.59%	36.07%	6.56%
The risk of loss for my organisation arising from poor risk assessment, inadequate reserving, uncontrolled expenses, catastrophic events, or a poor loss history experience on our book of business is very high.	13.11%	22.95%	6.56%	26.23%	31.15%
The risk that one participant in the insurance industry value chain will fail to meet their contractual obligations, which may, in turn, cause other participants to default, resulting in a domino effect or chain reaction leading to broader financial difficulties across an entire industry, is very high.	4.92%	31.15%	18.03%	34.43%	11.48%
There is a risk that my organisation's operating environment, investment, and the value of its assets in the country may be affected by political, social, and economic events and uncertainty.	1.64%	1.64%	3.28%	65.57%	27.87%
The impact of climate change, environmental management, human rights, bribery, and corruption is very high for my organisation.	9.84%	18.03%	13.11%	32.70%	21.31%

Strategic Risk

At least 72% of the respondents strongly agreed that poor business decisions or poor implementation thereto does have an impact on their organisations' capital, revenue and even the organisations' reputation. 18% agreed, whilst just under 10% strongly disagreed.

Liquidity Risk

62% of the respondents strongly agreed that the availability of cashflow was a very critical risk in their organisations.

Credit/Counterparty Risk

Approximately 51% of the respondents strongly agreed that the risk of failure of creditors to meet their obligations was a potential risk in their organisations, whilst 36% of the respondents simply agreed, 3% either disagreed or slightly disagreed and 6.56% strongly disagreed.

Investment Risk

35% of the respondents agreed that the risk of failing to achieve the expected return on their organisations' investment was very high, whilst another 35% of the respondents disagreed with this, with just under 17% strongly disagreeing and another 10% slightly disagreeing and only 3% strongly agreeing.

Market Risk

32.79% of the respondents agreed that the risk of losses from market price volatility was very high for their organisations, whilst 29.51% of the respondents disagreed with this, 19.67% slightly disagreed, 14.75% strongly agreed and 3.28% slightly disagreed.

Compliance/Regulatory/Legal Risk

29.51% of the respondents agreed that the risk of violation of laws, regulations, and standards of practice to their organisations' financial and reputational standing was very high for their organisations, whilst 26.23% of the respondents disagreed with this, 24.59% strongly agreed, 14.75% strongly agreed, 18.03% strongly disagreed and 1.64% slightly disagreed.

Operational Risk

31.15% of the respondents agreed that the risk of the failure of internal processes, people and systems to their organisations' value was very high, whilst 26.23% of the respondents disagreed with this, 16.39% strongly agreed, whilst 13.11% either strongly disagreed or slightly disagreed.

Systems/Technology Risk

36.07% of the respondents agreed that the risk of the potential failure of technology (i.e., system glitches, poor IT skills and cyber-attacks) was very high, whilst 27.87% of the respondents disagreed with this, 14.75% strongly agreed, 11.48% slightly disagreed, whilst 9.84% strongly disagreed.

Reputational Risk

29.51% of the respondents agreed that the threat to the good name of their organisations due to the actions of directors and employees was very high, whilst 27.87% of the respondents disagreed with this, 18.03% strongly disagreed, 16.39% strongly agreed, whilst 8.2% slightly disagreed.

Foreign Exchange Risk

36.07% of the respondents agreed that foreign exchange risk was very high for their organisations, whilst 24.59% of the respondents either disagreed or slightly disagreed with this, 8.2% strongly disagreed and 6.56% strongly agreed.

Underwriting Risk

31.15% of the respondents agreed that poor risk assessment, inadequate reserving, uncontrolled expenses, catastrophic events, and poor loss history were very high risks for their organisations, whilst 26.23% of the respondents agreed to the same, with 22.95% disagreeing, 13.11% strongly disagreeing, and 6.56% slightly disagreeing with this.

Systemic Risk

34.43% of the respondents agreed that systemic risk was a very high risk for their organisations, whilst 31.15% of the respondents disagreed with the same, with 18.03% slightly disagreeing, 11.48% strongly agreeing and 4.92% strongly disagreeing with this.

Country Risk

65.57% of the respondents agreed that the risk of political, social, and economic events and uncertainty in the country was very high for their organisations, whilst 27.87% of the respondents strongly agreed with the same, with 3.28% slightly disagreeing and 1.64% either disagreeing or strongly disagreeing with this.

Environmental, Social and Governance Risk

37.70% of the respondents agreed that environmental, social and governance risk (i.e., climate change, environmental management, human rights, bribery, and corruption) was very high for their organisations, whilst 21.31% of the respondents strongly agreed, with 18.03% disagreeing, 13.11% slightly disagreeing and 9.84% strongly disagreeing with the same.

The above feedback from the respondents of the generic risks identified in the short-term insurance industry in South Africa does confirm that the respondents do consider these to be the key risks that the industry is faced with. The feedback also corroborates the previous studies on the same as presented in Chapter 2.

SECTION C: IMPACT OF VARIOUS RISKS IN THE INSURANCE INDUSTRY

4.5 ANALYSIS OF THE RESEARCH QUESTIONS - IMPACT OF IDENTIFIED RISKS

This section and Table 6 below provide the respondents' feedback on the impact of the generic risks identified in the short-term insurance industry in South Africa.

Table 4.2: Impact of the various risks in the insurance industry

Impact of Various Risks on Organisational Viability in the Insurance Industry	Very Unlikely	Somewhat Unlikely	Somewhat Likely	Likely	Very Likely
Poor business decisions or improper implementation of decisions can impact on my organisation's capital, revenue, and even on reputation.	6.67%	20%	15%	16.67%	41.67%
Solvency and the availability of cashflow in my organisation.	20%	18.33%	8.33%	30%	23.33%
The failure of creditors (i.e., intermediaries, cedants, etc.) to meet their obligations to my organisation.	21.67%	20%	20%	20%	18.33%
The risk of my organisation failing to achieve expected return on its investment.	10.17%	22.03%	38.98%	16.95%	11.86%
The risk of losses from market price volatility.	10%	18.33%	38.33%	20%	13.33%
The threat posed to my organisation's financial and reputational standing due to violations of laws, regulations and standards of practice.	23.33%	21.67%	23.33%	15%	16.67%
The risk of the impact of the change in my organisation's value due to failed internal processes, people and systems.	15%	30%	23.33%	15%	16.67%
The risk associated with the potential failure of technology (i.e., system glitches, poor IT skills, cyber-attacks) and the resultant disruption on my organisation's business operations.	15%	25%	23.33%	20%	16.67%
The threat to the good name and standing of my organisation, due to the actions of directors and employees in my organisation.	23.33%	28.33%	15%	18.33%	15%
The possibility of my organisation losing money due to unfavourable movements in the exchange rates (i.e., foreign exchange risk).	16.67%	20%	28.33%	20%	15%

The risk of loss for my organisation arising from poor risk assessment, inadequate reserving, uncontrolled expenses, catastrophic events, or a poor loss history experience on our book of business.	21.67%	18.33%	20%	16.67%	23.33%
The risk that one participant in the insurance industry value chain will fail to meet their contractual obligations, causing other participants to default, resulting in a domino effect or chain reaction, leading to broader financial difficulties across the entire industry.	16.95%	37.29%	22.03%	11.86%	11.86%
The risk that my organisation's operating environment, investment, and the value of its assets in the country may be affected by political, social, and economic events and uncertainty.	5%	10%	30%	26.67%	28.33%
The impact of climate change, risk, poor environmental management practices risk, human capital management risk, human rights, litigation risk, legal and regulatory compliance risk, bribery, and corruption risk.	11.67%	15%	18.33%	36.67%	18.33%

Strategic Risk Impact

41.67% of the respondents said that the impact of strategic risk was very likely for their organisations, 16.67% said the impact was likely, 15% said the impact was somewhat likely, 20% said it was somewhat unlikely, whilst 6.67% responded that the impact was very unlikely.

Liquidity Risk Impact

30% of the respondents said that the impact of liquidity risk was likely for their organisations, 23.33% said the impact was very likely, 20% said the impact was very unlikely, 18.33% said it was somewhat unlikely, whilst 8.33% responded that the impact was somewhat likely.

Credit/Counterparty Risk Impact

21.67% of the respondents said that the impact of credit risk was very unlikely for their organisations, 20% said the impact was either somewhat unlikely, somewhat likely, or likely, whilst 18.33% said it was very likely.

Investment Risk Impact

38.98% of the respondents said that the impact of investment risk was somewhat likely for their organisations, 22.03% said the impact was somewhat unlikely, 16.95% said it was likely, 11.86% said it was very likely and 10.17% said it was very unlikely.

Market Risk Impact

38.33% of the respondents said that the impact of investment risk was somewhat likely for their organisations, 20% said the impact was likely, 18.33% said it was somewhat unlikely, 13.33% said it was very likely and 10% said it was very unlikely.

Compliance/Regulatory/Legal Risk Impact

23.33% of the respondents said that the impact of compliance, regulatory and legal risk was somewhat likely or very unlikely for their organisations, 21.67% said the impact was somewhat unlikely, 16.67% said it was very likely, whilst 15% said it was likely.

Operational Risk Impact

30% of the respondents said that the impact of operational risk was somewhat unlikely, 23.33% said it was somewhat likely for their organisations, 16.67% said the impact was very likely, whilst 15% responded that the impact was either likely or very unlikely.

Systems/Technology Risk Impact

25% of the respondents said that the impact of systems/technology risk was somewhat unlikely, 23.33% said it was somewhat likely for their organisations, 20% said the impact was likely, 16.67% responded that the impact was very likely and 15% said the impact was very unlikely.

Reputational Risk Impact

28.33% of the respondents said that the impact of reputational risk was somewhat unlikely, 23.33% said it was very unlikely for their organisations, 18.33% said the impact was likely, whilst 15% responded that the impact was either somewhat likely or very likely.

Foreign Exchange Risk Impact

28.33% of the respondents said that the impact of foreign exchange risk was somewhat likely, 20% said it was either likely or somewhat unlikely for their organisations, 16.67% said the impact was very unlikely, whilst 15% responded that the impact was very likely.

Underwriting Risk Impact

23.33% of the respondents said that the impact of underwriting risk was very likely for their organisations, 21.67% said it was very unlikely, 20% said the impact was somewhat likely, 18.33% responded that the impact was somewhat unlikely and 16.67% said the impact was likely.

Systemic Risk Impact

37.29% of the respondents said that the impact of systemic risk was somewhat unlikely for their organisations, 22.03% said it was somewhat likely, 16.95% said the impact was very unlikely, whilst 11.86% responded that the impact was either likely or very likely.

Country Risk Impact

30% of the respondents said that the impact of country risk was somewhat likely for their organisations, 28.33% said it was very likely, 26.67% said the impact was likely, whilst 10% responded that the impact was somewhat unlikely and 5% said the impact was very unlikely.

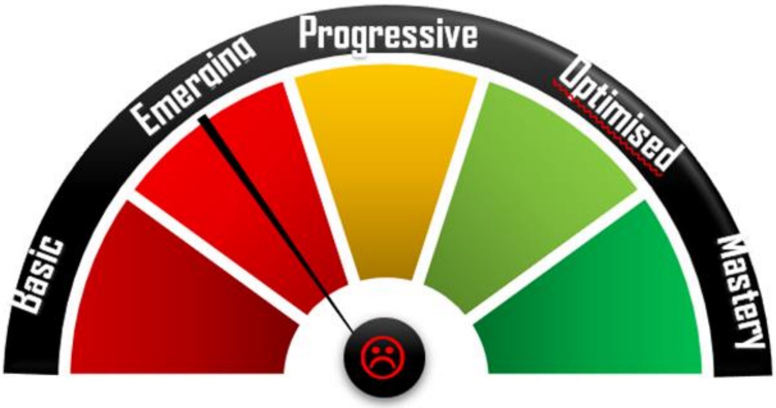
Environmental, Social and Governance Risk Impact

36.67% of the respondents said that the impact of environmental, social and governance risk was likely for their organisations, 18.33% said it was somewhat or very likely, 15% said the impact was somewhat unlikely and 11.67% responded that the impact was very unlikely.

The above feedback from the respondents of their view on the impact of the generic risks identified in the short-term insurance industry in South Africa does confirm that the respondents do consider these to be the critical risks that the industry is faced with. The feedback also corroborates the previous studies as presented in Chapter 2.

SECTION D: ENTERPRISE RISK MANAGEMENT ADOPTION & ITS IMPACT ON THE VIABILITY OF THE INSURANCE INDUSTRY

Figure 4.6: ERM Adoption Model



1. ***Basic*** – *There is no explicit risk strategy in the organisation, and risks are addressed individually and rather inconsistently, focusing on threats and few risk categories, more for compliance purposes.*
2. ***Emerging*** – *Risks that the organisation faces are defined but still in a silo manner in the different parts or units of the business, with little or no process being followed. Again, the focus is more on compliance purposes. The risk management is, however, still primarily reactive.*
3. ***Progressive*** – *At this stage, the tone is set and driven from the top, with appropriate risk policies, processes and governance issues defined and communicated throughout the organisation. The risk management process is enterprise-wide and encompasses all risk types. A joint organisation-wide risk assessment and response approach is communicated across the organisation, and an action plan in place for high priority risks.*
4. ***Optimised*** – *At this stage, risks are treated as a portfolio at an enterprise level; and are correlated and aggregated across all risk types and business units, with risk management activities coordinated across all business areas. There is a clear vision regarding risk tolerance and risk profiling. ERM process metrics are used to measure and monitor processes, with risk analysis tools developed to perform scenario analysis. The enterprise risk process is fully embedded in the organisation, and risk management is proactive.*
5. ***Mastery*** – *At this stage, there is extensive risk management integrated within the organisation's strategy and processes. There is a fully integrated risk portfolio, with advanced real-time risk analysis tools and self-monitoring early notification mechanisms to notify the board of directors and management. Lastly, there is a link between risk management and performance measurement.*

ANALYSIS OF THE RESEARCH QUESTIONS – ERM ADOPTION & IMPACT ON VIABILITY

This section and Table 7 below provide the respondents' feedback on ERM adoption and their perceived impact on the short-term insurance industry in South Africa.

Table 4.3: ERM adoption and its impact on the viability of the insurance industry

ERM Adoption & Integration in the Insurance Industry	Strongly Disagree	Disagree	Slightly Disagree	Agree	Strongly Agree
My organisation has adopted ERM in its strategic make-up and its overall management process.	3.45%	0%	5.17%	48.28%	43.10%
My organisation recognises the importance of ERM integration as a critical and integral part of the organisation's overall management process.	1.72%	0%	0%	48.28%	50%
My organisation has implemented a formal enterprise risk management framework.	3.39%	1.69%	6.78%	52.54%	35.59%
The board of directors in my organisation currently sets strategies, policies and processes surrounding enterprise risk management.	1.69%	3.39%	5.08%	57.63%	32.20%
My organisation's board of directors has a Risk and Audit Committee, which sits on a regular basis, at least quarterly, with a formal agenda, ERM Report and Risk & Control Register, which they regularly review.	1.69%	5.08%	6.78%	40.68%	45.76%
My organisation's enterprise risk management framework is currently aligned with the organisation's overall business strategy.	0%	1.69%	8.47%	57.63%	32.20%
My organisation has a fully-fledged risk management department with a risk manager/officer.	3.39%	5.08%	10.17%	37.29%	44.07%
In my organisation, the executive management and the risk manager create awareness of risks to the rest of the organisation.	0%	5.08%	8.47%	49.15%	37.29%
My organisation regularly performs risk scenario analysis on its internal and external processes.	0%	5.08%	13.56%	42.37%	38.98%

My organisation encourages risk awareness by encouraging event reporting and looking to system design and human factors that contributed to events/errors and not individuals.	0%	5.08%	11.86%	45.76%	37.29%
There is a significant and symbiotic relationship between ERM and organisational performance.	0%	1.69%	15.25%	50.85%	32.20%
Good ERM adoption and integration helps to improve my organisation's overall performance.	0%	1.72%	8.62%	53.45%	36.21%
The extent of ERM adoption and integration has serious implications on the viability of my organisation.	1.69%	5.08%	3.39%	52.54%	37.29%
Good ERM adoption and integration provides a framework for my organisation to be able to better identify and quantify strategic, operational, and financial risks.	0%	0%	5.08%	42.37%	52.54%
Good ERM adoption and integration creates opportunities for cost efficiencies and profit or revenue improvement for my organisation and its overall long-term organisational viability.	0%	1.69%	6.78%	61.02%	30.51%
Good ERM adoption and integration enables my organisation to achieve its objectives by proactively reducing unexpected business threats and potential costs and revenue volatility.	0%	1.69%	1.69%	55.93%	40.68%
Good ERM adoption and integration will enable my organisation to make better and more informed decisions, which will help improve the organisation's viability.	0%	0%	0%	55.93%	44.07%
Corporate culture has a critical influence on risk management culture and ERM adoption and integration.	0%	0%	1.69%	47.46%	50.85%

The survey revealed a strong consensus among respondents regarding the integration of ERM in their organisations. A majority agreed, with many strongly affirming that ERM is a vital component of their strategic makeup and overall management processes. This sentiment extended to the recognition of the importance of ERM integration as a critical aspect of management. Most respondents acknowledged the implementation of a formal risk management framework within their organisations. Furthermore, they agreed that the board of directors not only sets strategies, policies, and processes surrounding ERM, but also has a dedicated risk and audit committee that regularly reviews ERM reports, and risk and control registers.

Alignment of the ERM framework with overall business strategy was another point of agreement among the majority. This was complemented by the existence of fully-fledged risk management departments, helmed by risk managers or officers, highlighting the organisational commitment to risk management. The role of executive management and risk managers in creating risk awareness throughout the organisation was also noted, as was the practice of performing regular risk scenario analyses on internal and external processes.

Significantly, the respondents recognised the importance of encouraging risk awareness, focusing on system design and human factors rather than individual blame when considering events or errors. They also saw a clear link between ERM and organisational performance, agreeing that effective ERM adoption and integration not only improves performance but is also vital for the viability of their organisations. Good ERM practices were seen as instrumental in identifying and quantifying various risks – strategic, operational, and financial.

Moreover, effective ERM adoption and integration were credited with creating opportunities for cost efficiencies, revenue improvement, and enhancing long-term viability. This approach enables organisations to proactively mitigate unexpected business threats and potential costs and revenue volatility, thereby aiding in achieving organisational objectives. Better and more informed decision-making, a direct outcome of effective ERM, was highlighted as a key factor in improving organisational viability.

Finally, most respondents strongly agreed that corporate culture plays a critical role in shaping the risk management culture, thereby influencing ERM adoption and integration. This underlines the interconnectedness of organisational culture and risk management practices, highlighting the holistic nature of effective ERM integration in organisational strategies.

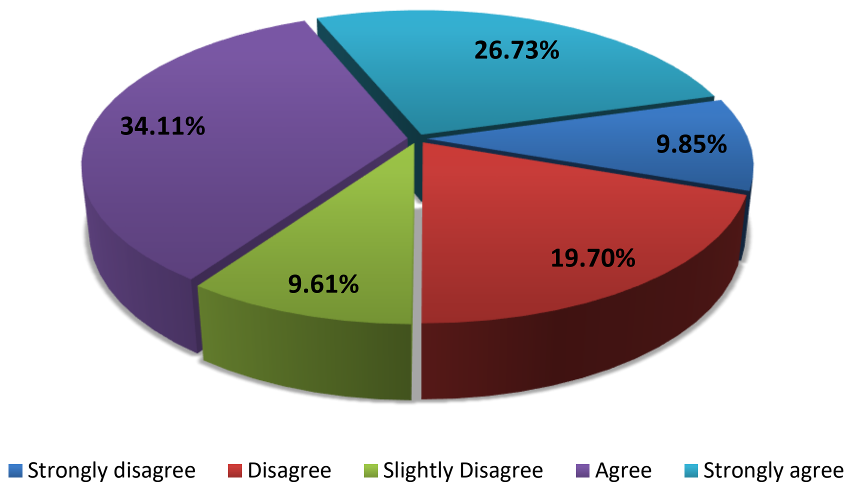
This feedback from the respondents and the perceived impact on the viability of the short-term insurance industry in South Africa should be taken seriously by management and risk management practitioners within this industry.

4.7 OVERALL RESPONSE RATE

4.7.1 Overall response rate to risks identified in the insurance industry

This section and Figure 14 below provide the respondents' overall feedback on the risks identified in the short-term insurance industry in South Africa.

Figure 4.7: Overall response to risks identified in the insurance industry

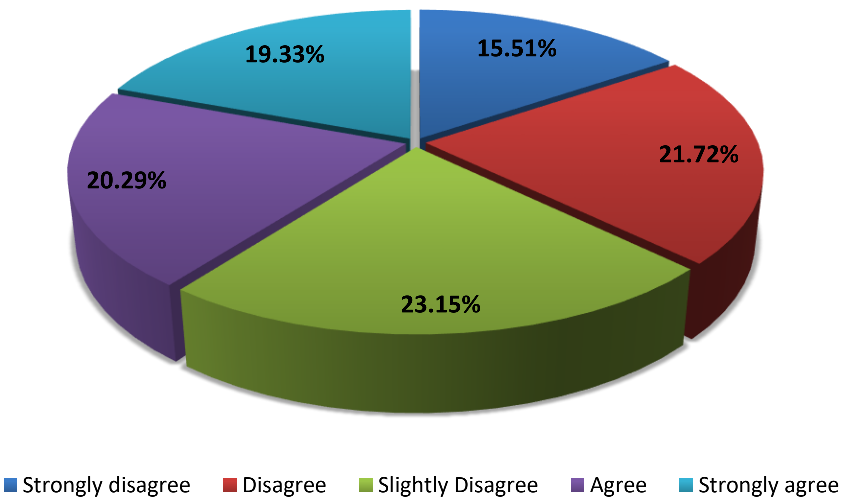


Most of the respondents agreed or strongly agreed that strategic, liquidity, credit, counterparty, market, investment, compliance/regulatory/legal, operational, reputational, currency, underwriting, systemic, country, as well as Environmental, Social and Governance (ESG) risks, were potential risks that the short-term insurance industry in South Africa was faced with.

4.7.2 Overall response on impact of various risks identified in the insurance industry

This section and Figure 15 below provide the respondents' overall feedback on their perceived impact of the risks identified in the short-term insurance industry in South Africa.

Figure 4.8: Overall impact of various risks identified in the insurance industry

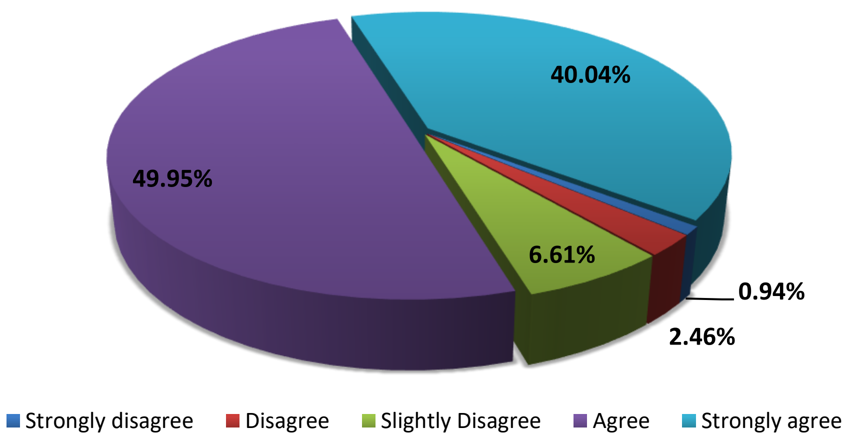


Most of the respondents agreed or strongly agreed that strategic, liquidity, credit, counterparty, market, investment, compliance/regulatory/legal, operational, reputational, currency, underwriting, systemic, country, as well as Environmental, Social and Governance (ESG) risks, had a severe impact in the short-term insurance industry in South Africa.

4.7.3 Overall response to ERM adoption & impact on the insurance industry's viability

This section and Figure 16 below provide the respondents' overall feedback on their perceived impact of ERM adoption on the short-term insurance industry in South Africa's viability.

Figure 4.9: Overall response to ERM adoption & impact on the insurance industry's viability



Most of the respondents agreed that good ERM adoption and integration was good for their organisations and that ERM adoption had an impact on the overall viability of the short-term insurance industry in South Africa.

4.8 DISCUSSION OF THE HYPOTHESIS

4.8.1 Reliability and validity analysis

Cronbach Alpha Coefficient Guideline

Cronbach alpha coefficient	**Decision**
Below 0.70	Limited applicability
0.70 – 0.79	Adequate
0.80 – 0.89	Good
0.90 and above	Excellent

Table 4.4: Reliability and Validity Analysis

Summary of scales reliability coefficients

Scale	***Items***	***Cronbach alpha***	***Decision***
Risk Identification	14	0.874	Good
Impact of risks	14	0.929	Excellent
ERM Adoption & Integration	18	0.920	Excellent

A Cronbach Alpha was used to analyse the reliability of the instrument. It should be noted that the instrument was divided into three sections. The results indicate that all the sections were highly reliable (all the Alpha coefficients were above 0.80). According to Pallant (2016), if all the scores are above 0.8, the instrument is considered to be highly reliable. Therefore, this means that the instrument used to collect data was highly reliable and acceptable.

4.8.2 Correlation and Regression Analysis

Table 4.5: Correlation and Regression Analysis

Correlations		**Risk Identification**	**Impact**	**Adoption**
Risk Identification	Pearson Correlation	1	.660**	.196
	Sig. (2-tailed)		<001	.136

	N	60	60	59
Impact	Pearson Correlation	.660**	1	.016
	Sig. (2-tailed)	<,001		.907
	N	60	60	59
Adoption	Pearson Correlation	.196	.016	1
	Sig. (2-tailed)	.136	.907	
	N	59	59	59
**. Correlation is significant at the 0.01 level (2-tailed).				

4.8.2.1 Correlations of risk identification and impact of various risks

There is a significant association between risk identification and the understanding of the impact of various risks in the insurance industry ($r = 0.660^{**}$, $p < 0.01$). Enhanced knowledge of risks correlates with better awareness of their impact.

4.8.2.2 Correlations of risk identification support and ERM adoption & integration

No significant association exists between risk identification and the adoption and integration of Enterprise Risk Management (ERM) in the insurance industry ($r = 0.196$, $p < 0.136$). Improved risk knowledge does not significantly affect ERM practices.

4.8.2.3 Correlations of impact of various risks support and ERM adoption & integration

The impact of various risks on organisational viability shows no significant correlation with ERM adoption and integration in the insurance industry ($r = 0.016$, $p < 0.907$). Thus, understanding the risks' impact does not significantly influence ERM adoption and integration.

4.8.3 Analysis of Variance (ANOVA)

One-Way ANOVA Results

4.8.3.1 Tenure vs Impact of various risks on organisational viability

Table 4.6: ANOVA Test of Homogeneity of Variances

Tests of Homogeneity of Variances					
		Levene Statistic	df1	df2	Sig.
Impact	Based on Mean	.948	2	56	.394
	Based on Median	.741	2	56	.481
	Based on Median and with adjusted df	.741	2	51.406	.482
	Based on trimmed mean	1.019	2	56	.368

A test of homogeneity was carried out before conducting a One-Way ANOVA test. This was to check if the researcher has or has not violated the assumption for conducting One-way ANOVA. The results from the table indicate that all p-values were above 0.05. This means that there were no statistically significant differences between groups. The decision was to carry on conducting the One-way ANOVA test, since the assumption was not violated.

Table 4.7: ANOVA of Tenure vs Impact of various risks on organisational viability

ANOVA					
Tenure and Impact					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	760.672	3	253.557	1.455	.237
Within Groups	9755.662	56	174.208		
Total	10516.333	59			

Tenure and Impact

A one-way between groups analysis of variance was conducted to explore the impact of tenure on levels of impact in the insurance industry. Participants were divided into four groups according to their tenure (Group 1: 1-3 years; Group 2: 3-5years; Group 3: 5-10 years; Group 4: More than 10 years).

There was no statistically significant difference at the $p < .05$ level in impact scores for the three age groups: F (3.56) = 1.455, p = 0.237.

4.8.3.2 Tenure and Risk Identification

Tests of Homogeneity of Variances					
		Levene Statistic	df1	df2	Sig.
Risk Identification	Based on Mean	.548	2	56	.581
	Based on Median	.501	2	56	.609
	Based on Median and with adjusted df	.501	2	54.044	.609
	Based on trimmed mean	.521	2	56	.597

Table 4.8: ANOVA of Tenure and Risk Identification

ANOVA					
Tenure and Risk Identification					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	213.401	3	71.134	.627	.601
Within Groups	6353.999	56	113.464		
Total	6567.400	59			

Tenure and Risk Identification

A one-way between groups analysis of variance was conducted to explore the impact of tenure on levels of risk identification in the insurance industry. Participants were divided into four groups according to their tenure (Group 1: 1-3 years; Group 2: 3-5years; Group 3: 5-10 years; Group 4: More than 10 years).

There was no statistically significant difference at the $p < .05$ level in risk identification scores for the three age groups: $F (3.56) = 0.627$, $p = 0.601$.

4.8.3.3 Tenure and ERM Adoption

Tests of Homogeneity of Variances					
		Levene Statistic	df1	df2	Sig.
Adoption	Based on Mean	2.830	2	55	.068
	Based on Median	2.660	2	55	.079
	Based on Median and with adjusted df	2.660	2	49.006	.080
	Based on trimmed mean	2.748	2	55	.073

Table 4.9: ANOVA of Tenure and ERM Adoption

ANOVA					
Tenure and ERM Adoption					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	208.035	3	69.345	.847	.474
Within Groups	4500.847	55	81.834		
Total	4708.881	58			

Tenure and ERM Adoption

A one-way between groups analysis of variance was conducted to explore the impact of tenure on levels of adoption in the insurance industry. Participants were divided into four groups according to their tenure (Group 1: 1-3 years; Group 2: 3-5years; Group 3: 5-10 years; Group 4: More than 10 years).

There was no statistical difference at the $p < .05$ level in adoption scores for the three age groups: $F (3.56) = 0.847$, $p = 0.474$.

4.9 CONCLUSION

This chapter presented results of the empirical study, with a focus on the data characteristics, response rate, demographic profiles, analysis of the research questions and discussion of responses and hypothesis thereto. The empirical results of the data collected from the study were presented, analysed and conclusions were drawn.

The research design used in this study was a single cross-sectional survey design. This study used a quantitative research methodology approach, which followed a positivistic paradigm.

The population in this study was insurance companies, Underwriting Management Agencies (UMAs), reinsurance companies, and reinsurance and retail brokers, as well as specialist underwriting and claims administrators in the short-term insurance industry in South Africa. The targeted respondents were directors, executives, managers, and professional staff, such as underwriters, claims negotiators, and finance and administration professionals therein.

A sample of 100 short-term insurance practitioners, who are in professional staff, management, executive management, or directorship roles was targeted through stratified random sampling from across the short-term insurance industry in South Africa. A fair selection was made of respondents who are professional staff, management, executive management, and directorship roles within the industry. Furthermore, there was also a fair selection of organisational participants across the industry, from insurance companies, Underwriting Management Agencies (UMAs), reinsurance companies, to reinsurance and retail brokers.

This study consisted of a quantitative empirical investigation and examined the relationship between ERM adoption and integration, and the viability of the short-term insurance industry. The cross-sectional survey was aligned with the study's overall objective, which was to assess the adoption and integration of ERM in the short-term insurance industry.

The study used the Statistical Package for Social Sciences (SPSS) Data Analysis Version 27 software for Microsoft Windows. The data collected was then analysed by means of Descriptive Statistical Analysis, which summarised the quantitative information collected from the sample; then Cluster Analysis, Pearson's Correlation and Regression Analysis, Analysis of Variance (ANOVA), and Reliability and Validity analysis was also used to check for consistency and accuracy by running Cronbach's Alpha Test in SPSS.

A summative report on sample sizes, frequently used instruments, and the correlations sizes was provided, which indicates the variation of the industry respondents' perception of the industry risks as well as their views on the extent of the adoption of ERM in the insurance industry and its impact on the viability of the industry.

Most of the respondents agreed or strongly agreed that strategic, liquidity, credit, counterparty, market, investment, compliance/regulatory/legal, operational, reputational, currency, underwriting, systemic, country, as well as Environmental, Social and Governance (ESG) risks, were potential risks that the short-term insurance industry in South Africa was faced with. Most of the respondents also agreed that the above generic risks had a severe impact in the short-term insurance industry in South Africa. Lastly, most of the respondents agreed that good ERM adoption and integration was good for their organisations and that ERM adoption had an impact on the overall viability of the short-term insurance industry in South Africa.

CHAPTER 5 – SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter provides a conclusion and recommendations from the study, using both the findings from the literature reviewed as well as the results from the data analysis of the empirical study, and makes recommendations for further studies.

5.2 OBJECTIVE OF THE STUDY

This study focused on the short-term insurance industry, within the broader financial services sector in South Africa. The study sought to understand the potential risk facing the companies within this industry, namely: strategic risk, liquidity risk, credit risk, counterparty risk, market risk, investment risk, compliance/regulatory/legal risk, systems/technology risk, reputational risk, currency risk, underwriting risk, systemic risk, country risk, as well as Environmental, Social and Governance (ESG) risks. The study also looked at the corporate culture of organisations and its influence on the risk management culture and subsequently, effective ERM implementation. It also sought to assess the impact and benefits of good Enterprise Risk Management on the industry's survival and ability to continue to operate successfully in the long-term.

To achieve the above-mentioned purpose, the following research questions were formulated:

(i) What risks is the short-term insurance industry in South Africa faced with?

(ii) What is the extent of the adoption and integration of ERM in the short-term insurance industry in South Africa?

(iii) How does this affect the viability of the short-term insurance industry?

5.3 CONCLUSION, RECOMMENDATIONS AND MANAGERIAL IMPLICATION

From the secondary literature reviewed in this study, the key generic risks that potentially have an impact on the success and survival of the short-term insurance industry in South Africa were identified. The literature also highlighted the benefits of the adoption and integration of ERM in the short-term insurance industry in South Africa and how ERM affects the viability of the industry.

The results of the empirical study sought to assess the industry view on the potential risks that the industry is faced with, their impact, as well as their view on the extent of ERM adoption and integration, and the industry's view on how they think ERM affects the viability of the industry.

The study was able to draw several findings, based on both the secondary literature reviewed and the outcome of the empirical results.

The conclusions, therefore, are be based on both the literature reviewed, as well as the feedback from respondents in the South African short-term insurance industry.

5.4 RISKS IDENTIFIED IN THE SHORT-TERM INSURANCE INDUSTRY

The study's findings reveal a broad spectrum of generic risks impacting companies in the industry, encompassing strategic, liquidity, credit/counterparty, market, investment, compliance/regulatory/legal, operational, systems/technology, reputational, foreign exchange, underwriting, systemic, country risks, and Environmental, Social, and Governance (ESG) risks. Notably, most respondents acknowledged the significant impact of poor business decisions on organisational capital, revenue, and reputation, highlighting strategic risk. Liquidity risk, particularly concerning cash flow availability, and the failure of creditors or debtors to meet obligations (credit/counterparty risk), were also recognised as critical concerns. Market volatility and the associated risk of losses were a common agreement among participants, as was the high risk associated with investment return failures. The study further revealed a strong awareness of the risks related to compliance, regulatory, and legal aspects, affecting both financial and reputational standing. In contrast, opinions were divided on operational risks related to internal processes, people, and systems. Technology-related risks, including system glitches and cyber-attacks, were acknowledged as significant, alongside the reputational risks arising from the actions of directors and employees. The respondents also agreed on the high risks posed by foreign exchange fluctuations, underwriting challenges, systemic failures, and country-specific political, social, and economic uncertainties. Lastly, ESG risks, encompassing climate change, environmental management, and governance issues, were highlighted as areas of high concern.

Based on the above findings, it is recommended that the management of companies within the South African short-term insurance industry need to identify and profile their own respective generic risks that they are faced with, using the generic list of potential risks as identified and explained above as a guideline, and thereafter, take measures to alleviate the impact of such risks.

5.5 IMPACT OF VARIOUS RISKS IDENTIFIED IN THE SHORT-TERM INSURANCE INDUSTRY

The empirical study evaluated the impact of various potential risks within the industry. The findings showed a diverse range of perceptions regarding these risks. Strategic risk was deemed very likely to impact organisations by most respondents. Similarly, liquidity risk was considered to likely have an effect. In contrast, credit/counterparty risk was seen as very unlikely to influence organisations. Respondents assessed the impact of market and investment risks as somewhat likely, with a similar perception noted for compliance, regulatory, and legal risks. Opinions on operational risk varied, ranging from somewhat-to likely in terms of impact. Systems/technology risk received mixed responses, being perceived as somewhat unlikely, likely, or very likely. Interestingly, the majority of respondents viewed the impact of reputational risk as somewhat unlikely or very unlikely. Regarding foreign exchange risk, about 28.33% of respondents considered its impact as ranging from somewhat likely to very likely. Underwriting risk was mostly perceived as very likely, somewhat likely, or likely to impact organisations. Systemic risk, however, was mostly seen as somewhat unlikely or very unlikely to have an effect. Country risk was viewed variably, with its impact considered somewhat likely, very likely, or likely. Lastly, ESG risks were largely seen as likely, somewhat likely, or very likely to influence organisations.

Based on the above findings, it is recommended that the management of companies within the South African short-term insurance industry needs to implement a risk management system that profiles the impact of generic risks that their respective companies are faced with, using the list of potential generic risks as identified and explained above as a guideline, and thereafter, take measures to mitigate the impact of such risks.

5.6 ERM ADOPTION AND ITS IMPACT ON THE VIABILITY OF THE INSURANCE INDUSTRY

The empirical study provides insightful revelations about ERM within the South African short-term insurance industry. It indicates a broad adoption of ERM in strategic and overall management processes across organisations. Most respondents strongly recognise ERM’s critical role in organisational management, with a majority confirming the implementation of formal risk management frameworks. The study highlights the active involvement of boards in setting ERM-related strategies, policies, and processes, and underscores the regular review of ERM practices by dedicated risk and audit committees. There is a notable alignment between ERM frameworks and business strategies, and most organisations have established risk management departments, emphasising awareness and scenario analysis. Additionally, the findings reflect a strong consensus on ERM's significant impact on organisational performance, decision-making, viability, and the achievement of objectives. The role of corporate culture in shaping risk management practices and the importance of ERM in identifying, quantifying risks, and enhancing cost efficiencies are also evident. These insights underscore the critical importance of ERM in the industry, suggesting the need for regular assessment and refinement of ERM practices to ensure sustained organisational viability and performance.

5.7 INTERGRATED RECOMMENDATIONS

Effective risk management is fundamental to the prudent management of an insurer, and this has now become a key consideration in the regulatory supervision of the insurance industry everywhere in the world (French, Vital & Minot, 2015:242-256).

In South Africa, the regulation and supervision of the insurance industry is by means of the twin peaks model, with the industry's financial soundness (i.e., stability and efficiency) being regulated by the South African Reserve Bank's (SARB) Prudential Authority (PA) and its market conduct being regulated and supervised by the Financial Sector Conduct Authority (FSCA), both under the ambit of the South African Reserve Bank.

The SARB's Prudential Authority's Governance and Operational Standards for Insurers 3 (GOI3) (2018:2-7) requires insurers to have a board-approved broad-based risk management system in place, which consists of the following key components:

- A risk management strategy, which clearly defines the insurer's risk appetite and how it will be managed, broad-based, consistent with the scale and scope of the business, supported by robust processes and the strategy, needs to be reviewed on a regular basis, commensurate with emerging risks;
- Risk management policies that address the material risks and risk areas that arise from the insurer's business activities;
- Risk management procedures and tools that enable the insurer to identify, assess, scan, report on, and alleviate any material risks to which it is exposed;
- An effective system of internal controls that ensure that the insurers' strategic objectives, as well as the set policies and processes in the risk management system are in fact in place, being observed, and attaining their intended outcomes; and

- A risk governance structure to provide governance oversight to the risk management system, which includes at least the following control functions: a risk management function, a compliance function, an internal audit function, and an actuarial function.

The Prudential Standard GOI 3.1 (2018:1-6) also requires insurers to conduct an Own Risk Solvency Assessment (ORSA) annually, when the insurer's risk profile changes materially, or as and when directed to do so by the PA.

The ORSA is intended to address the following:

- Assess the current and future financial soundness of the insurer's business;
- Assess reasonably foreseeable and relevant material risks, which must include as a minimum: underwriting risks, credit risks, operational risks and liquidity risks, as well as any other risks arising from the insurer's operations;
- Have processes and procedures in place to measure short- and long-term risks facing the insurer; and
- Include an assessment of any potential future changes in the insurer's risk profile.

Based on the findings of this study, it is recommended that companies within the short-term insurance industry in South Africa need to adopt and implement a holistic integrated risk management framework, in order to ensure the effective management of risks that they are faced with. The two frameworks mostly widely used in ERM insofar as risk assessment, treating and monitoring is concerned, are COSO and ISO 31000.

In South Africa, the guideline often used is the IRMSA Guideline to Risk Management, which is aligned to the ISO 31000 international risk management standard and regulated by the code and principles of the third King Report on Governance for South Africa (King III, 2009), insofar as local compliance and corporate governance are concerned.

ISO 31000's International Standard Risk Management – Guidelines (2018), impresses the following as essential elements for the establishment of a worthy ERM framework design and is more fully described in Chapter 2:

(i) Organisational contextualisation.
(ii) Articulating risk management commitment.
(iii) Assigning organisational roles, authorities, responsibilities, and accountabilities.
(iv) Integration into organisational policies.

(v) Allocating resources.
(vi) Establishing communication & consultation.

After setting up the risk management framework, companies within the South African short-term insurance industry are encouraged to execute the risk management process, which is a series of actions or steps taken by an organisation, in an effort to try and ensure that the risks that it is exposed to are known and exposed, so as to safeguard the interests and well-being of the organisation's stockholders (Culp, 2001:226).

The risk management process steps, as per Berg (2010:82) are as follows:

(i) Establishing objectives and context (i.e., the risk universe).
(ii) Recognising or classifying risks.
(iii) Investigating the identified risks.
(iv) Assessing or appraising the identified risks.
(v) Treating or curing the identified risks (i.e., control implementation).
(vi) Monitoring and reviewing the risks (i.e., the effectiveness of the implemented controls) and the risk universe regularly.
(vii) Continuous communication, consultation with and reporting to stakeholders.

Once the ERM process is in place and ongoing, the companies in the South African short-term insurance industry are encouraged to view it as a journey and there is a need to track ERM adoption and integration from birth, right up until ERM is immersed in the business operations (i.e., basic-emerging-progressive-optimised-mastery) (Spencer Pickett, 2006:57).

Lastly, to effectively measure the effectiveness of an organisation's ERM implementation journey over time, it is recommended that companies within the South African short-term insurance industry in South Africa adopt a Risk Maturity Model (RMM), as a tool to effectively and progressively assess their ERM adoption and integration practices, by means of benchmarking progress against an ERM maturity model, as was described in Chapter 2.

It is also important to realise the importance of good corporate culture and governance at the centre of any organisation with an effective ERM adoption regime, as it in turn influences a good risk management culture.

In conclusion, companies within the short-term insurance industry in South Africa are encouraged to ultimately aim for optimal risk taking, whereby they do not take too little risk or too much risk, whilst also balancing risk and relative return.

5.8 LIMITATIONS

Whilst the study faced no major challenges when it was undertaken, it is important to note that the study was primarily limited to companies within the short-term insurance industry in South Africa and not the entire insurance industry in South Africa (i.e., excluded life insurance companies).

5.9 FURTHER RESEARCH

The following opportunities for future research in the same subject area can be explored:

- The research methodology can be expanded to also do a factor analysis of the identified risks, their perceived impact on the insurance industry and ERM adoption and integration in this industry.
- The study can also be extended to include companies in the life insurance industry in South Africa, as they are also mostly faced with similar risks and risk management challenges. Such an expanded study would benefit from the input of a larger population gained through the inclusion of the life insurance industry in South Africa.
- The study can also be extended to the broader financial services sector in South Africa (i.e., banks, insurance, assurance and reinsurance companies, consumer or micro-lending, accounting and management consulting, equity and commodity trading/broking, investment funds and unit trust managers, retirement and pension fund management, financial advising and planning, medical aid schemes, currency exchange and transfer services), as they are also equally faced with similar risks and risk management challenges.

5.10 SUMMARY OF THE RESEARCH FINDINGS

The primary objective of this study was to analyse enterprise risk management adoption in the South African short-term insurance industry.

To achieve the primary objective of the study, the following theoretical objectives were formulated:

- Providing an overview of the short-term insurance industry.
- Reviewing literature on the different potential risks that the short-term insurance industry is faced with.

- Contextualising literature on ERM in the short-term insurance industry.
- Examining literature on the importance of adopting ERM in the short-term insurance industry.

Furthermore, the following empirical objectives were also formulated:

- Investigating the risks perception of the different type of risks facing the short-term insurance companies in South Africa.

- Assessing the relationship between the different identified risks affecting the short-term insurance industry and the extent of their impact on the viability of the short-term insurance industry.

- Exploring the extent to which the short-term insurance companies in South Africa have adopted and integrated ERM into their operations; and

- Exploring the impact of ERM adoption and integration in the short-term insurance industry on the viability of the industry.

Chapter one provided an introduction and background to the study and a contextual overview of the financial services sector and the short-term insurance industry in South Africa. Risk, risk management and ERM was also defined, as well as the insurance industry's relation to ERM. The research problem, research questions, research objectives, goals, and an overview of the proposed research methods, were also briefly outlined.

Chapter two provided the theoretical objectives on the subject matter under study, which included establishing the key concepts on risk, defining the insurance industry risks, defining risk management and ERM, as well as the extent of the importance of proper ERM implementation on the short-term insurance industry, based on previous studies. Furthermore, a generic ERM framework was defined and discussed, including risk appetite, risk tolerance, different risk responses and a risk maturity model.

Chapter three focused on the research design and methodology used in this research. The aim of the investigation, theoretical foundation, design of the study, sample, data collection, and data analysis methods were explored in this chapter. Furthermore, any limitations thereto were also discussed.

Chapter four reported on the analysis and interpretation of the results obtained from the questionnaire. The results were collated, statistically tested, analysed, and interpreted for possible outcomes.

Chapter five presented a conclusion and recommendations of the research, based on the literature reviewed in Chapter 2 and the data analysed in Chapter 4, by addressing the research problem, research objectives and research questions. Limitations and recommendations for further research were also outlined.

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ANNEXURE 1: QUESTIONNAIRE

Master of Commerce in Risk Management Dissertation study Questionnaire

Study title: Analysing Enterprise Risk Management adoption in the South African Short-Term insurance industry.

Student/Principal Investigator: Shelton Siwedza (Student No. 33212503) (also called 'the researcher' in this form)**:**

Study supervisors: Mr. J Jansen van Rensburg & Mr. D Mokatsanyane

Supervisor contact details: Johnny.JansenVanRensburg@nwu.ac.za or Danny.Mokatsanyane@nwu.ac.za

Invitation

You are invited to participate in a research project that forms part of a Masters study. Please take some time to read the information presented here, which will explain the details of this project. Please ask the researcher any questions about any part of this project that you do not fully understand. It is very important that you are fully satisfied, that you clearly understand what this research is about and how you could be involved. Your participation is **entirely voluntary,** and you are free to decline to participate in this project. If you choose to decline, your decision will not have any negative impact any way whatsoever. All the responses are confidential, and the results will only be used for research purposes, which will be outlined in the form of statistical data.

This study has been approved by the **Economic and Management Sciences Research Ethics Committee of the North-West University** and will be conducted according to the ethical guidelines and principles of the research committee to ensure that the research was conducted ethically.

It would be greatly appreciated if you could assist by completing this questionnaire.

What is the aim of this research?

This study aims to understand the *adoption of Enterprise Risk Management (ERM) in the South-African Short-Term insurance industry*. Good adoption and integration of ERM in organisational strategy within this industry is a possible solution to dealing with the industry's risks. Despite the observed heightened interest in ERM by the industry, there presently appears to be minimal empirical evidence on how these insurance industry risks, which impact the viability of companies within this industry, are being viewed and handled. There is similarly very limited empirical evidence on the extent of the adoption and integration of ERM into organisational strategy within the industry. Therefore, it is essential for management in this industry to effectively manage the risks facing their organisations, understand the impact of various risks on their organisations, and the need for a proper adoption of ERM.

Target

The Short-Term insurance industry in South Africa.

Benefit

This study will provide guidance to management of insurance companies in the short-term insurance industry, on the importance of adopting and integrating ERM in their operations and how ERM can help to alleviate some of the industry risks that their organisations are faced with and its contribution to the industry's overall viability.

SECTION A: DEMOGRAPHIC INFORMATION

1. Indicate the type of organisation that you are representing

i.	General Insurer	
ii.	Niche/Specialist Insurer/Underwriting Management Agency (UMA)	
iii.	Cell Captive Insurer	
iv.	Reinsurer	
v.	Insurance/Reinsurance Broker	
vi.	Other	

2. Please indicate your role in the organisation

i.	Executive Management	
ii.	Senior Management	

iii.	Junior Management	
iv.	Underwriter/Broker	
v.	Claims Negotiator	
vi.	Finance & Administration	
vii.	Other	

3. Please indicate your years of experience in the insurance industry

i.	0-3 Years	
ii.	3-5 Years	
iii.	5-10 Years	
iv.	> 10 Years	

4. Please Indicate the number of employees in your organisation

i.	1 to 10	
ii.	10 to 50	
iii.	50 to100	
iv.	100-500	
v.	> 500	

5. In how many countries does your organisation operate

i.	1	
ii.	2 to 3	
iii.	4 to 20	
iv.	20 to 50	
v.	Above 50	

SECTION B: RISK IDENTIFICATION IN THE INSURANCE INDUSTRY

State to what extent you agree/ disagree with the following statements:

	Risk Identification in the Insurance Industry	Strongly Disagree	Disagree	Slightly Disagree	Agree	Strongly Agree
B1	Poor business decisions or improper implementation of decisions can impact on my organisation's capital, revenue, and even on reputation.	1	2	3	4	5

	Risk Identification in the Insurance Industry	Strongly Disagree	Disagree	Slightly Disagree	Agree	Strongly Agree
B2	Solvency and the availability of cashflow is a very critical risk in my organisation.	1	2	3	4	5
B3	The failure of creditors (i.e., intermediaries, cedants, etc.) to meet their obligations is a potential risk in my organisation.	1	2	3	4	5
B4	The risk of my organisation failing to achieve expected return on its investment is very high.	1	2	3	4	5
B5	The risk of losses from market price volatility is very high for my organisation.	1	2	3	4	5
B6	The threat posed to my organisation's financial and reputational standing due to violations of laws, regulations and standards of practice is very high.	1	2	3	4	5
B7	The risk of the impact of the change in my organisation's value due to failed internal processes, people and systems is very high.	1	2	3	4	5
B8	My organisation is faced with the risk of the potential failure of technology (i.e., system glitches, poor IT skills, cyber-attacks) and its impact on the disruption of my organisation's business operations.	1	2	3	4	5
B9	The threat to the good name and standing of my organisation, due to the actions of directors and employees in my organisation is very high.	1	2	3	4	5

	Risk Identification in the Insurance Industry	Strongly Disagree	Disagree	Slightly Disagree	Agree	Strongly Agree
B10	The possibility of my organisation losing money due to unfavourable movements in the exchange rates is very high (i.e., foreign exchange risk).	1	2	3	4	5
B11	The risk of loss for my organisation arising from poor risk assessment, inadequate reserving, uncontrolled expenses, catastrophic events, or a poor loss history experience on our book of business is very high.	1	2	3	4	5
B12	The risk that one participant in the insurance industry value chain will fail to meet their contractual obligations, which may, in turn, cause other participants to default, resulting in a domino effect or chain reaction leading to broader financial difficulties across an entire industry, is very high.	1	2	3	4	5
B13	There is a risk that my organisation's operating environment, investment, and the value of its assets in the country may be affected by political, social, and economic events and uncertainty.	1	2	3	4	5
B14	The impact of climate change, environmental management, human rights, bribery, and corruption is very high for my organisation.	1	2	3	4	5

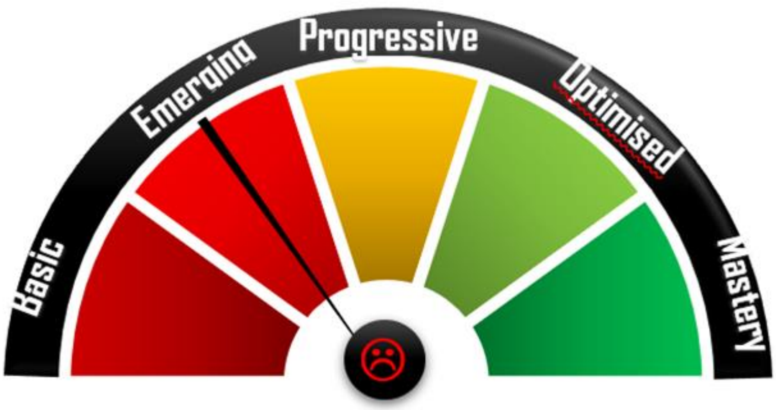
SECTION C: IMPACT OF VARIOUS RISKS IN THE INSURANCE INDUSTRY

What is your perception of the extent of the impact of the following risks on your organisation?

	Impact of Various Risks on Organisational Viability in the Insurance Industry	Very Unlikely	Somewhat Unlikely	Somewhat Likely	Likely	Very Likely
C1	Poor business decisions or improper implementation of decisions can impact on my organisation's capital, revenue, and even on reputation.	1	2	3	4	5
C2	Solvency and the availability of cashflow in my organisation.	1	2	3	4	5
C3	The failure of creditors (i.e., intermediaries, cedants, etc.) to meet their obligations to my organisation.	1	2	3	4	5
C4	The risk of my organisation failing to achieve expected return on its investment.	1	2	3	4	5
C5	The risk of losses from market price volatility.	1	2	3	4	5
C6	The threat posed to my organisation's financial and reputational standing due to violations of laws, regulations, and standards of practice.	1	2	3	4	5
C7	The risk of the impact of the change in my organisation's value due to failed internal processes, people, and systems.	1	2	3	4	5
C8	The risk associated with the potential failure of technology (i.e., system glitches, poor IT skills, cyber-attacks) and the resultant disruption on my organisation's business operations.	1	2	3	4	5
C9	The threat to the good name and standing of my organisation, due to the actions of directors and employees in my organisation.	1	2	3	4	5
C10	The possibility of my organisation losing money due to unfavourable movements in the exchange rates (i.e., foreign exchange risk).	1	2	3	4	5
C11	The risk of loss for my organisation arising from poor risk assessment, inadequate	1	2	3	4	5

	Impact of Various Risks on Organisational Viability in the Insurance Industry	Very Unlikely	Somewhat Unlikely	Somewhat Likely	Likely	Very Likely
	reserving, uncontrolled expenses, catastrophic events, or a poor loss history experience on our book of business.					
C12	The risk that one participant in the insurance industry value chain will fail to meet their contractual obligations, causing other participants to default, resulting in a domino effect or chain reaction, leading to broader financial difficulties across the entire industry.	1	2	3	4	5
C13	The risk that my organisation's operating environment, investment, and the value of its assets in the country may be affected by political, social, and economic events and uncertainty.	1	2	3	4	5
C14	The impact of climate change, risk, poor environmental management practices risk, human capital management risk, human rights, litigation risk, legal and regulatory compliance risk, bribery, and corruption risk.	1	2	3	4	5

SECTION D: ENTERPRISE RISK MANAGEMENT (ERM) ADOPTION & THE IMPACT ON THE VIABILITY OF THE INSURANCE INDUSTRY



6. ***Basic*** *- There is no explicit risk strategy in the organisation, and risks are addressed individually and rather inconsistently, focusing on threats and few risk categories, more for compliance purposes.*
7. ***Emerging*** *- Risks that the organisation faces are defined but still in a silo manner in the different parts or units of the business, with little or no process being followed. Again, the focus is more on compliance purposes. The risk management is, however, still primarily reactive.*

8. ***Progressive*** *- At this stage, the tone is set and driven from the top, with appropriate risk policies, processes and governance issues defined and communicated throughout the organisation. The risk management process is enterprise-wide and encompasses all risk types. A joint organisation-wide risk assessment and response approach is communicated across the organisation, and an action plan in place for high priority risks.*
9. ***Optimised*** *- At this stage, risks are treated as a portfolio at an enterprise level, and correlated and aggregated across all risk types and business units, with risk management activities coordinated across all business areas. There is a clear vision regarding risk tolerance and risk profiling. ERM process metrics are used to measure and monitor processes, with risk analysis tools developed to perform scenario analysis. The enterprise risk process is fully embedded in the organisation, and risk management is proactive.*
10. ***Mastery*** *- At this stage, there is extensive risk management integrated within the organisation's strategy and processes. There is a fully integrated risk portfolio, with advanced real-time risk analysis tools and self-monitoring early notification mechanisms to notify the board of directors and management. Lastly, there is a link between risk management and performance measurement.*

What is your perception of the following factors, insofar as Enterprise Risk Management (ERM) adoption and integration is concerned in/for your organisation?

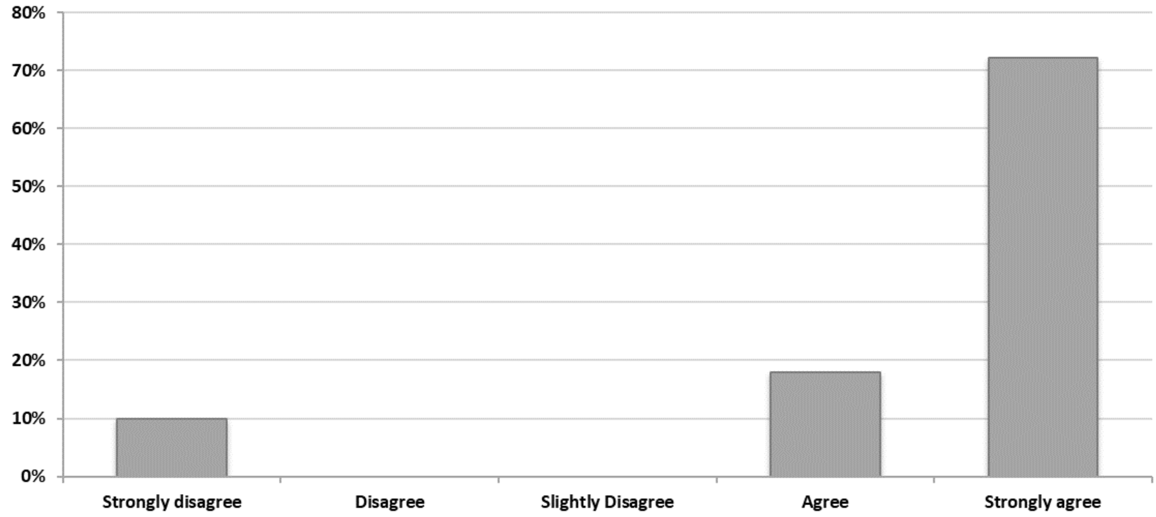
	ERM Adoption & Integration in the Insurance Industry	Strongly Disagree	Disagree	Slightly Disagree	Agree	Strongly Agree
D1	My organisation has adopted ERM in its strategic make-up and its overall management process.	1	2	3	4	5
D2	My organisation recognises the importance of ERM integration as a critical and integral part of the organisation's overall management process.	1	2	3	4	5
D3	My organisation has implemented a formal enterprise risk management framework.	1	2	3	4	5
D4	The board of directors in my organisation currently sets strategies, policies and processes surrounding enterprise risk management.	1	2	3	4	5
D5	My organisation's board of directors has a Risk and Audit Committee, which sits on a regular basis, at least quarterly, with a formal agenda, ERM Report and	1	2	3	4	5

	Risk & Control Register, which they regularly review.					
D6	My organisation's enterprise risk management framework is currently aligned with the organisation's overall business strategy.	1	2	3	4	5
D7	My organisation has a fully-fledged risk management department with a risk manager/officer.	1	2	3	4	5
D8	In my organisation, the executive management and the risk manager create awareness of risks to the rest of the organisation.	1	2	3	4	5
D9	My organisation regularly performs risk scenario analysis on its internal and external processes.	1	2	3	4	5
D10	My organisation encourages risk awareness by encouraging event reporting and looking to system design and human factors that contributed to events/errors and not individuals.	1	2	3	4	5
D11	There is a significant and symbiotic relationship between ERM and organisational performance.	1	2	3	4	5
D12	Good ERM adoption and integration helps to improve my organisation's overall performance.	1	2	3	4	5
D13	The extent of ERM adoption and integration has serious implications on the viability of my organisation.	1	2	3	4	5
D14	Good ERM adoption and integration provides a framework for my organisation to be able to better identify and quantify strategic, operational, and financial risks.	1	2	3	4	5
D15	Good ERM adoption and integration creates opportunities for cost efficiencies and profit or revenue improvement for my organisation and its overall long-term organisational viability.	1	2	3	4	5
D16	Good ERM adoption and integration enables my organisation to achieve its	1	2	3	4	5

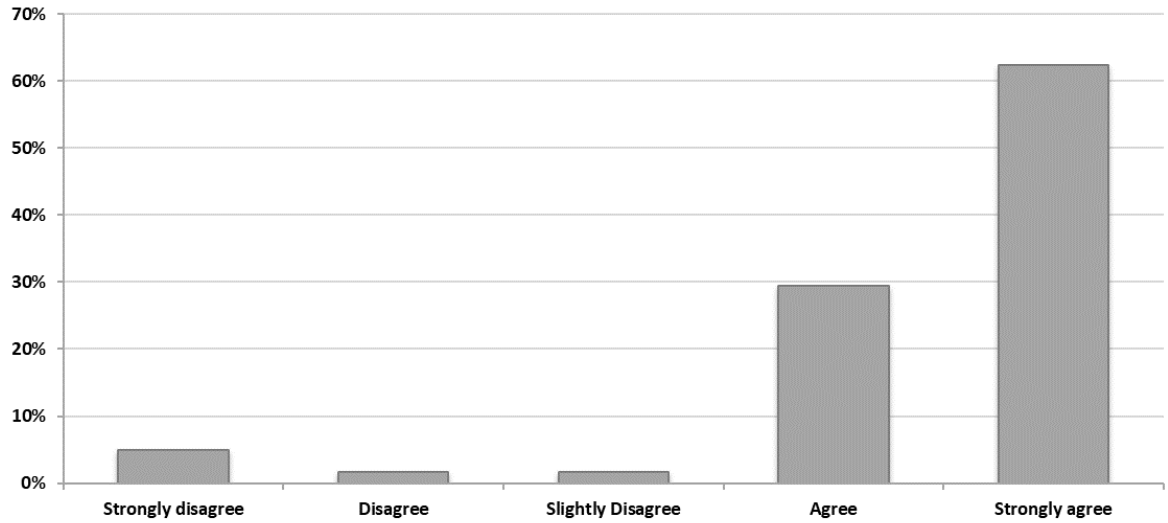
	objectives by proactively reducing unexpected business threats and potential costs and revenue volatility.					
D17	Good ERM adoption and integration will enable my organisation to make better and more informed decisions, which will help improve the organisation’s viability.	1	2	3	4	5
D18	Corporate culture has a critical influence on risk management culture, and ERM adoption and integration.	1	2	3	4	5

ANNEXURE 2: ANALYSIS OF THE RESEARCH QUESTIONS

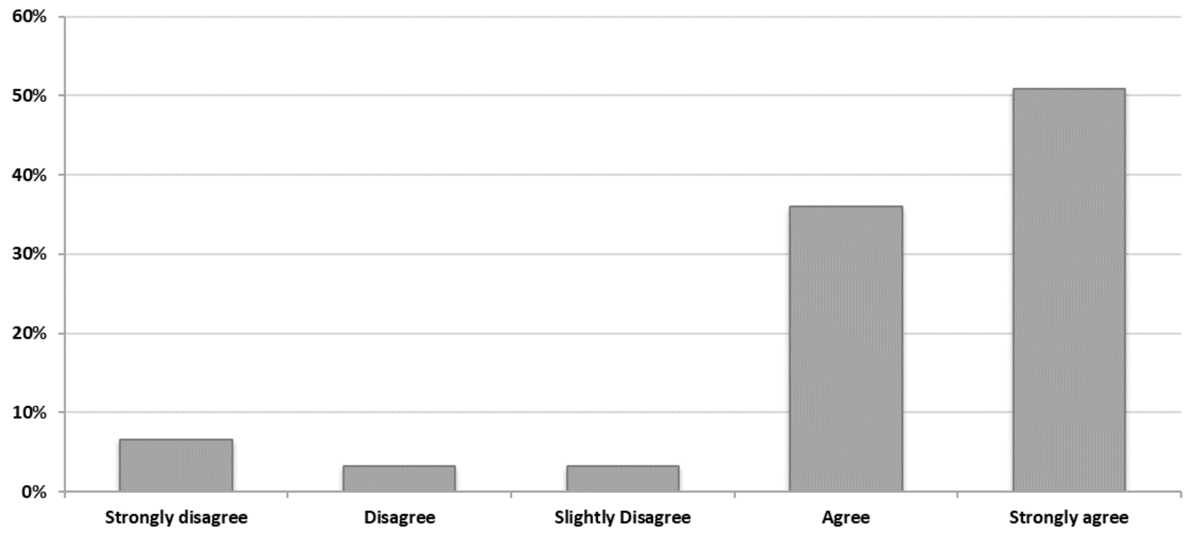
A1: Poor business decisions or improper implementation of decisions can impact on my organisation's capital, revenue, and even on reputation.



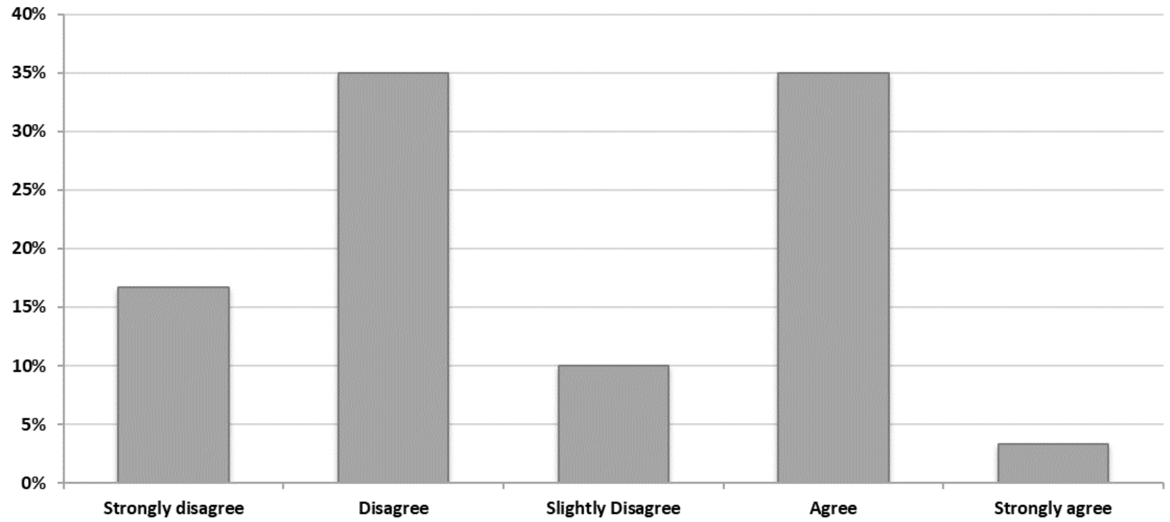
A2: Solvency and the availability of cashflow is a very critical risk in my organisation.



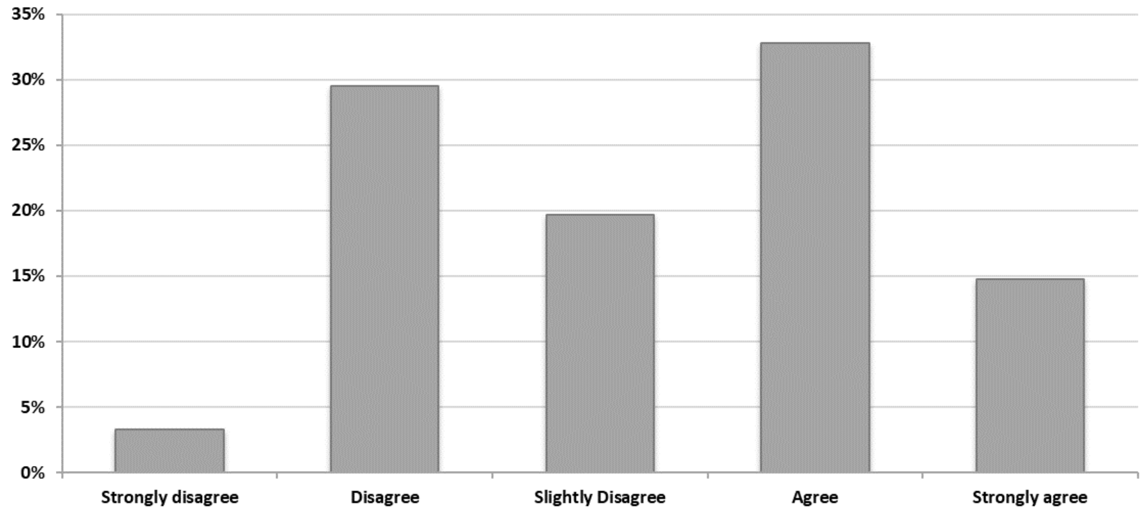
A3: The failure of creditors (i.e., intermediaries, cedants, etc.) to meet their obligations is a potential risk in my organisation.



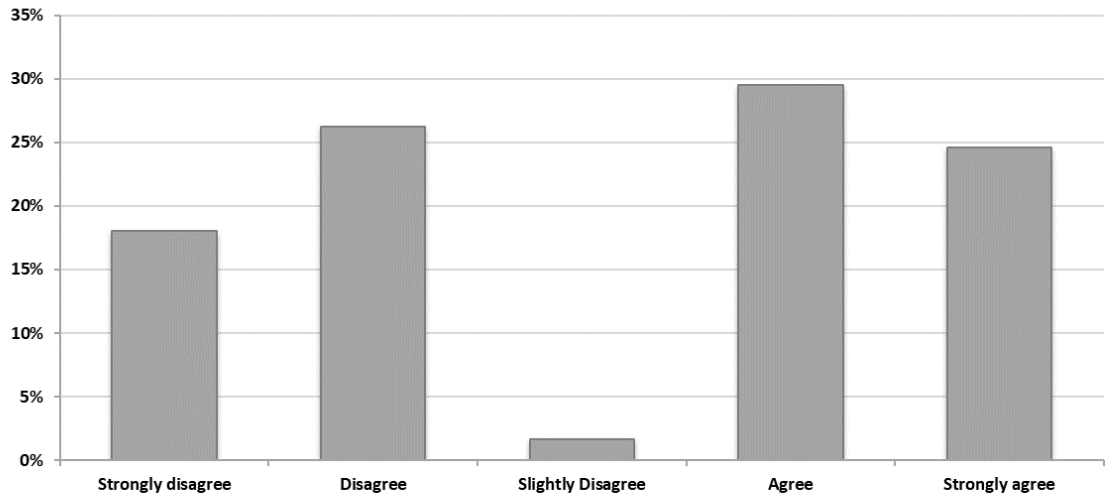
A4: The risk of my organisation failing to achieve the expected return on its investment is very high.



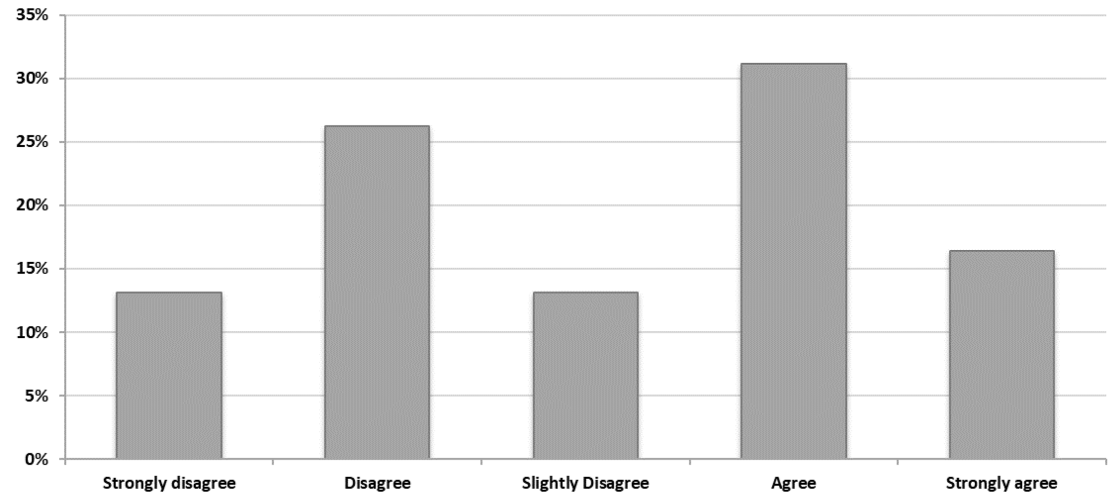
A5: The risk of losses from market price volatility is very high for my organisation.



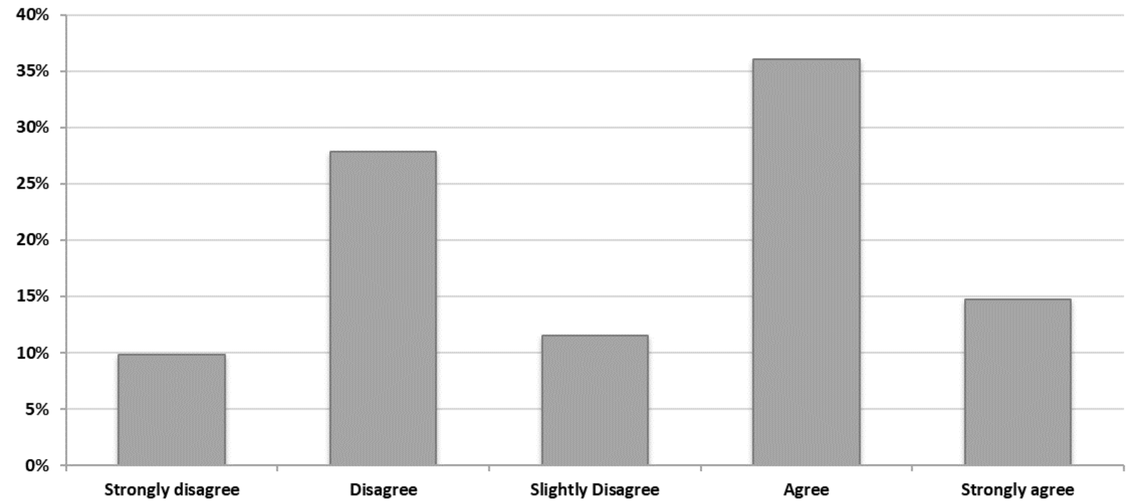
A6: The threat posed to my organisation's financial and reputational standing due to violations of laws, regulations and standards of practice is very high.



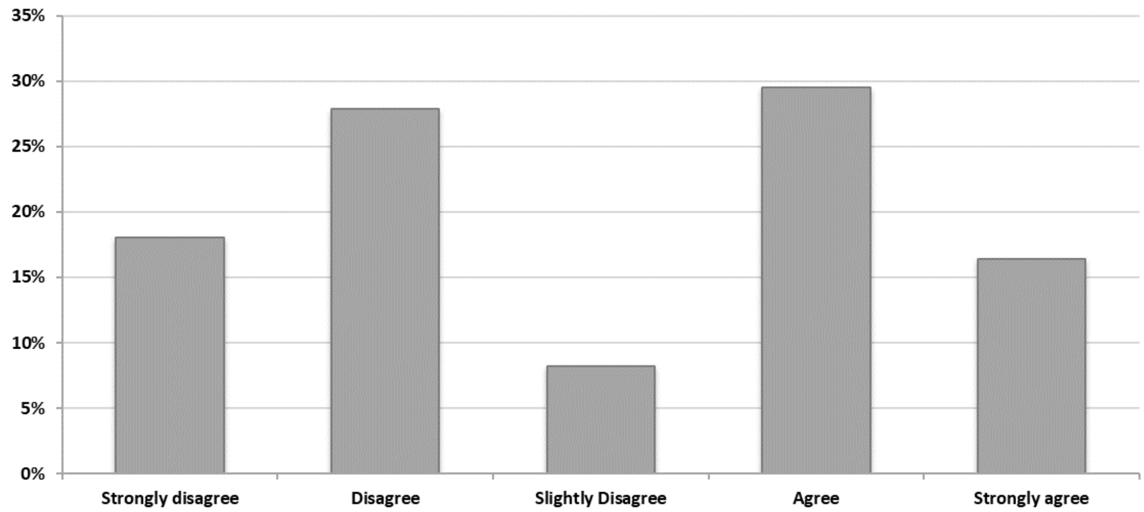
A7: The risk of the impact of the change in my organisation's value due to failed internal processes, people and systems is very high.



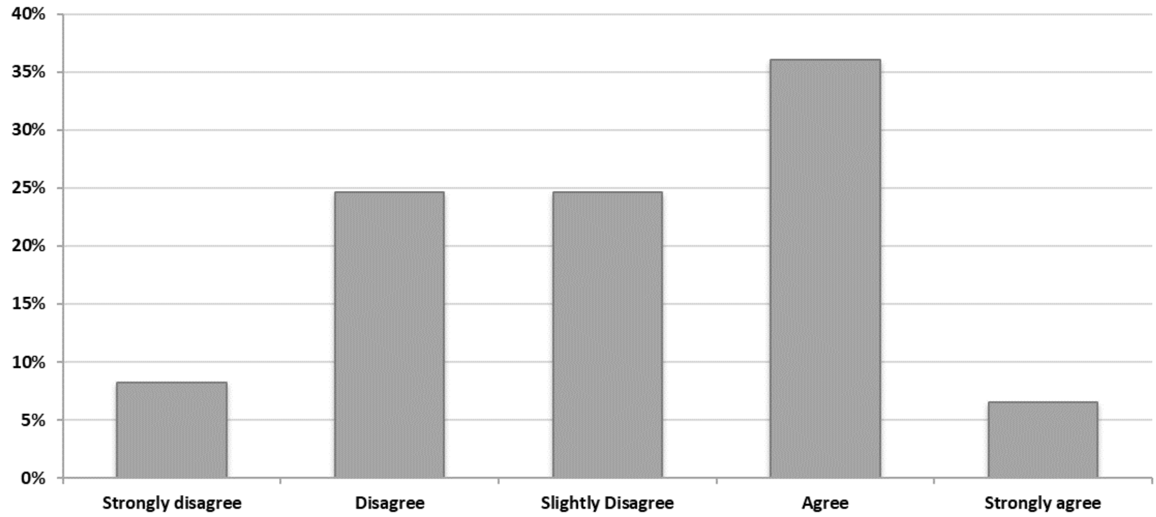
A8: My organisation is faced with the risk of potential failure of technology (i.e., system glitches, poor IT skills, cyber-attacks) and its impact on the disruption of my organisation's business operations.



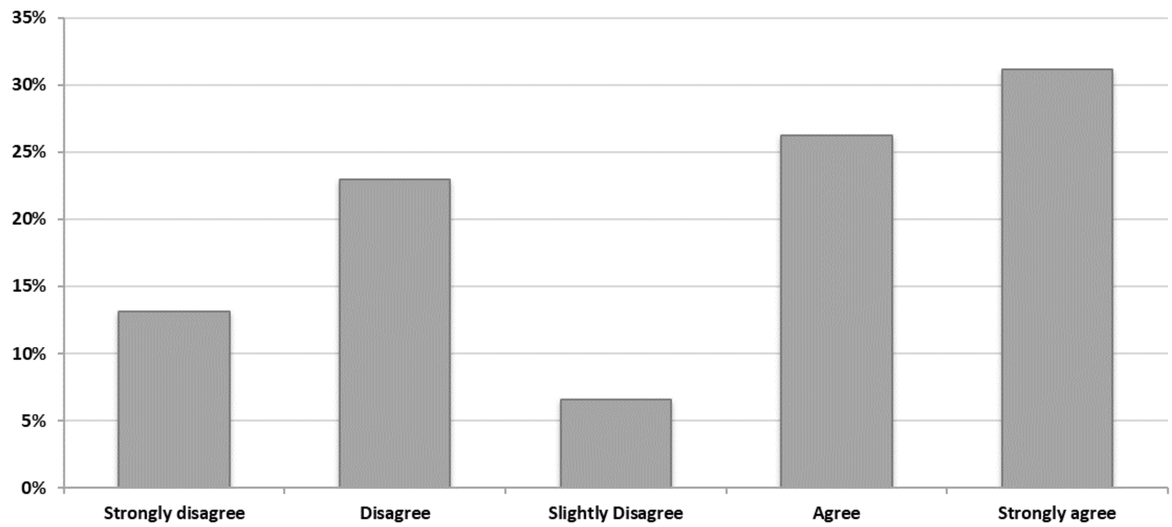
A9: The threat to the good name and standing of my organisation, due to the actions of directors and employees in my organisation is very high.



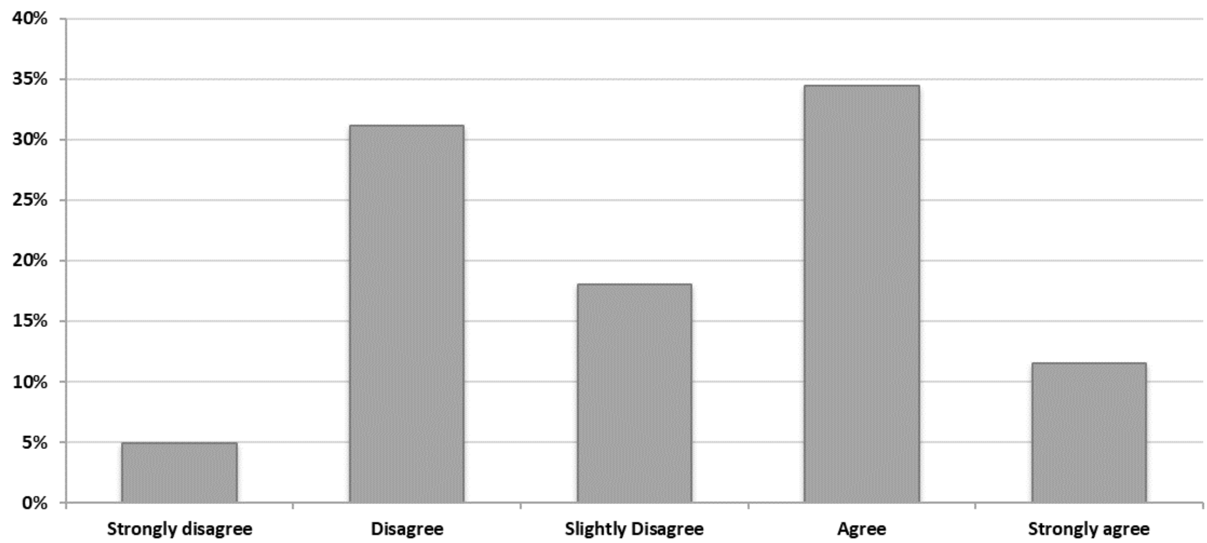
A10: The possibility of my organisation losing money due to unfavourable movements in the exchange rates is very high (i.e., foreign exchange risk).



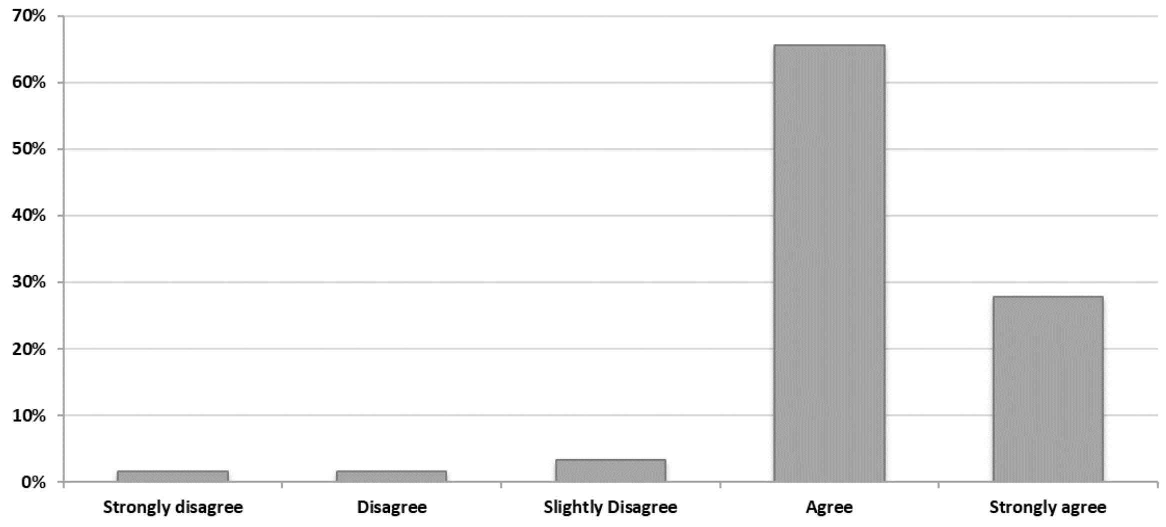
A11: The risk of loss for my organisation arising from poor risk assessment, inadequate reserving, uncontrolled expenses, catastrophic events, or a poor loss history experience on our book of business is very high.



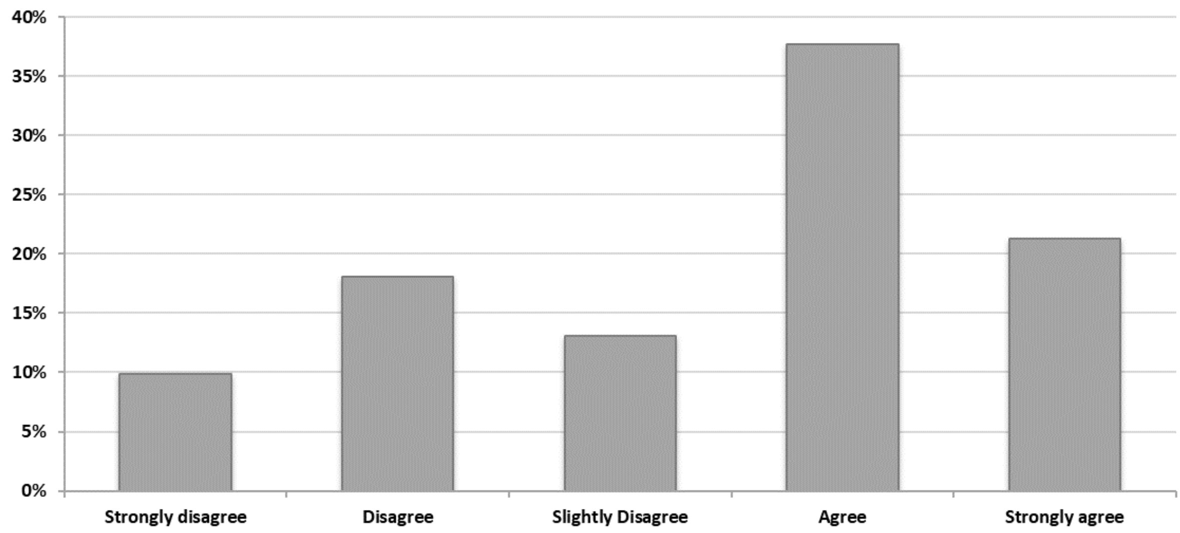
A12: The risk that one participant in the insurance industry value chain will fail to meet their contractual obligations, which may, in turn, cause other participants to default, resulting in a domino effect or chain reaction leading to broader financial difficulties across an entire industry, is very high.



A13: There is a risk that my organisation's operating environment, investment, and the value of its assets in the country may be affected by political, social, and economic events and uncertainty.

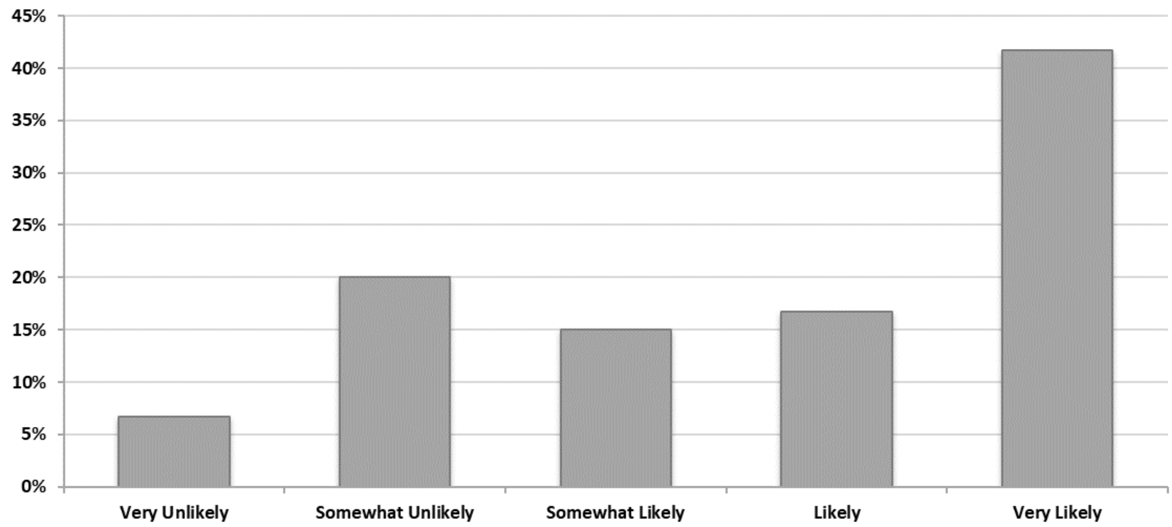


A14: The impact of climate change, environmental management, human rights, bribery, and corruption is very high for my organisation.

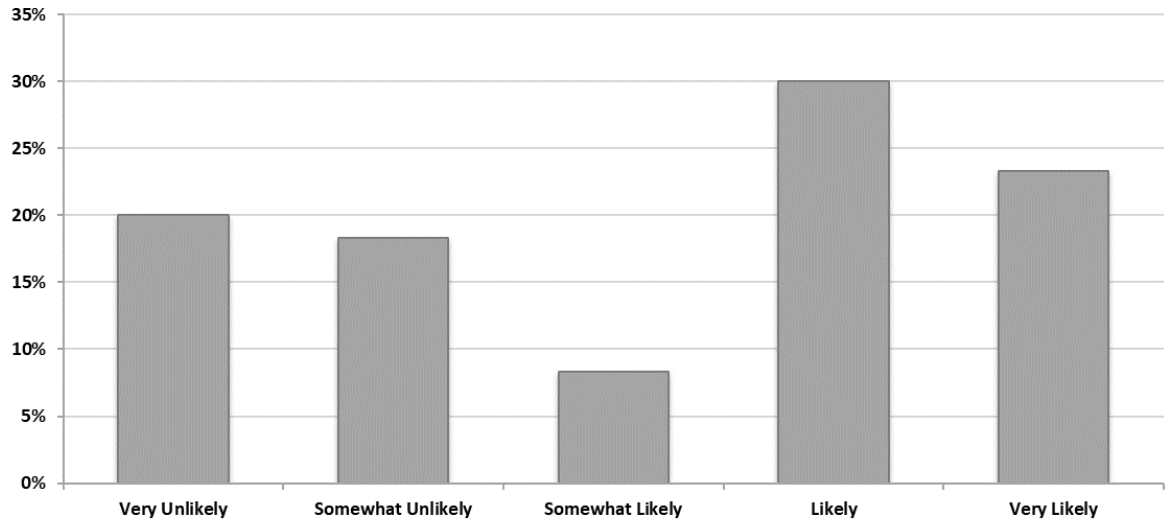


Section C: Impact of various risks on organisational viability in the insurance industry

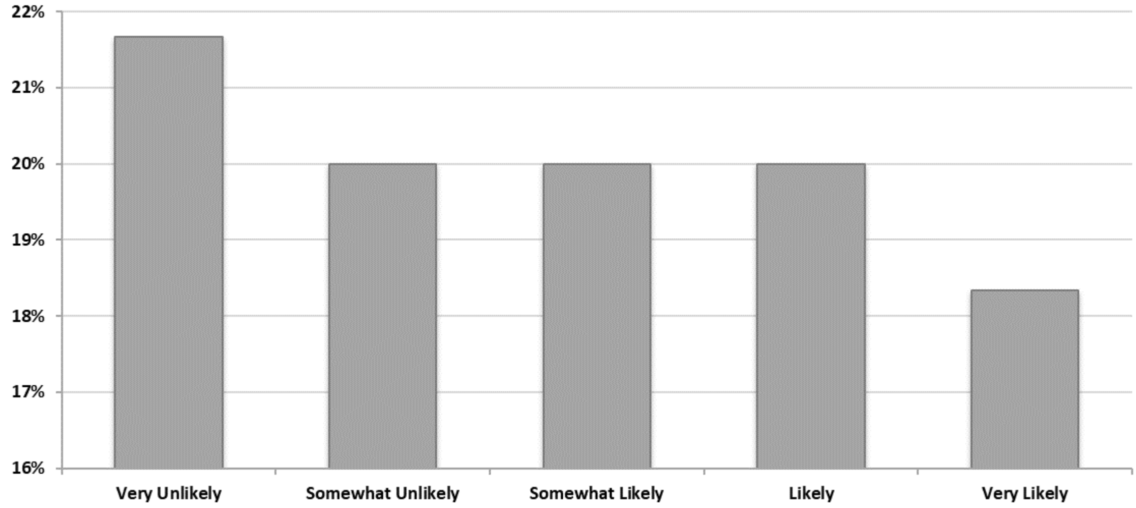
A15: The impact of climate change, environmental management, human rights, bribery, and corruption is very high for my organisation.



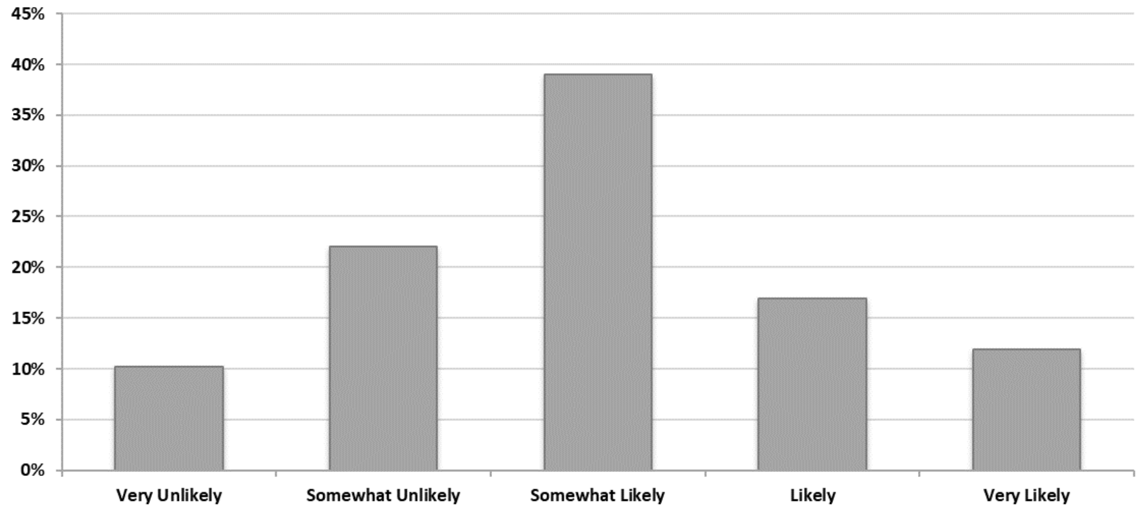
A16: Solvency and the availability of cashflow in my organisation.



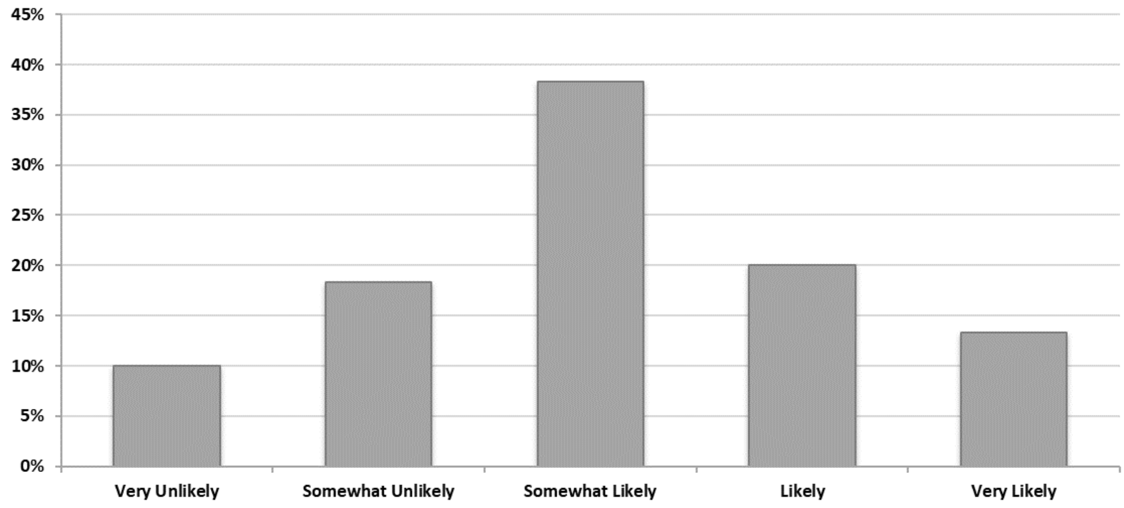
A17: The failure of creditors (i.e., intermediaries, cedants, etc.) to meet their obligations to my organisation.



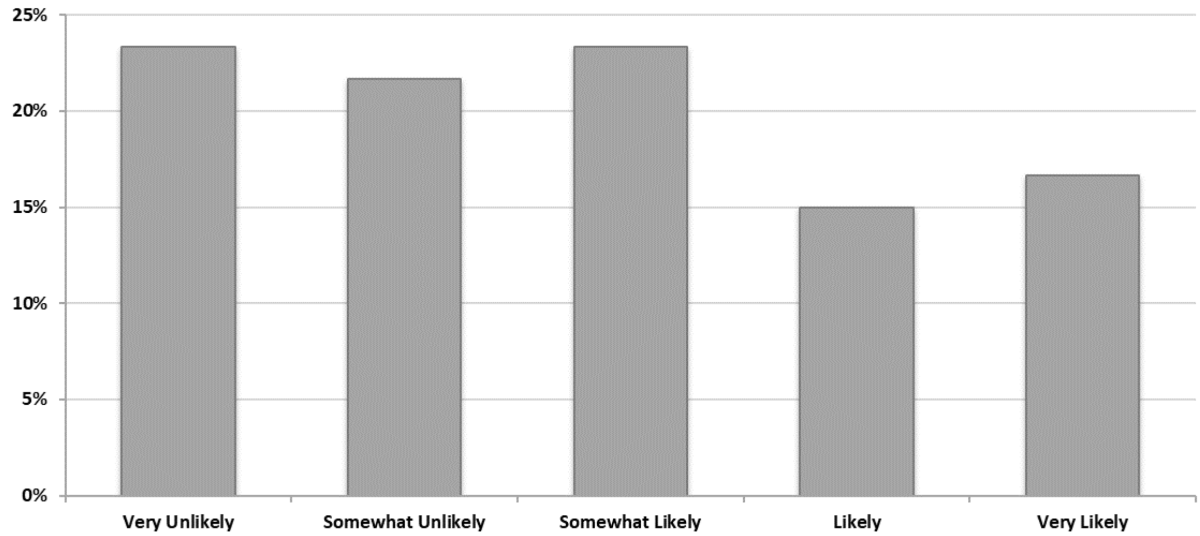
A18: The risk of my organisation failing to achieve the expected return on its investment.



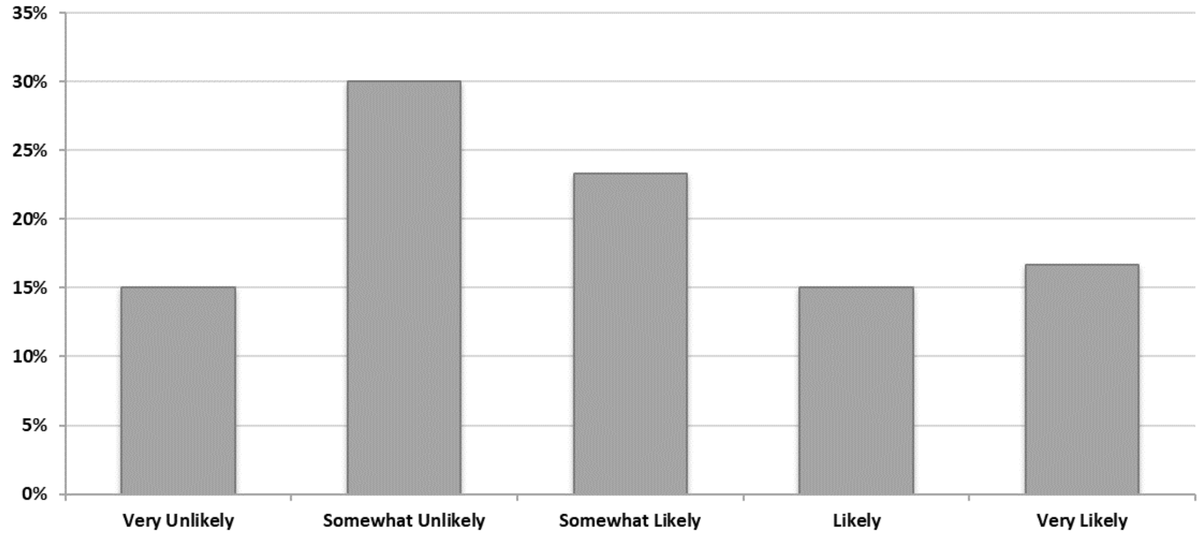
A19: The risk of losses from market price volatility.



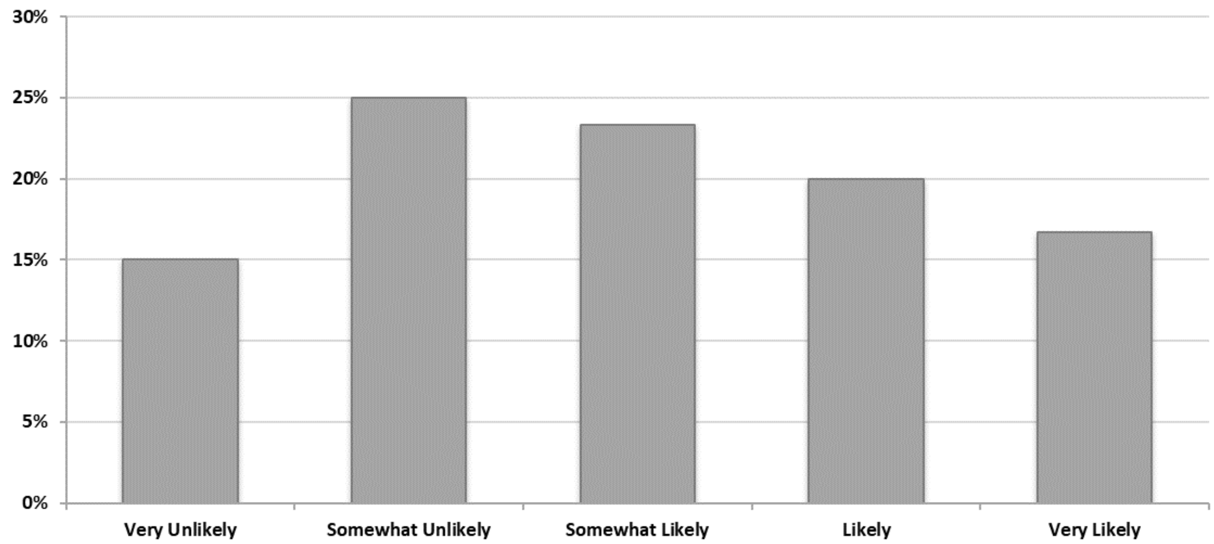
A20: The threat posed to my organisation's financial and reputational standing due to violations of laws, regulations, and standards of practice.



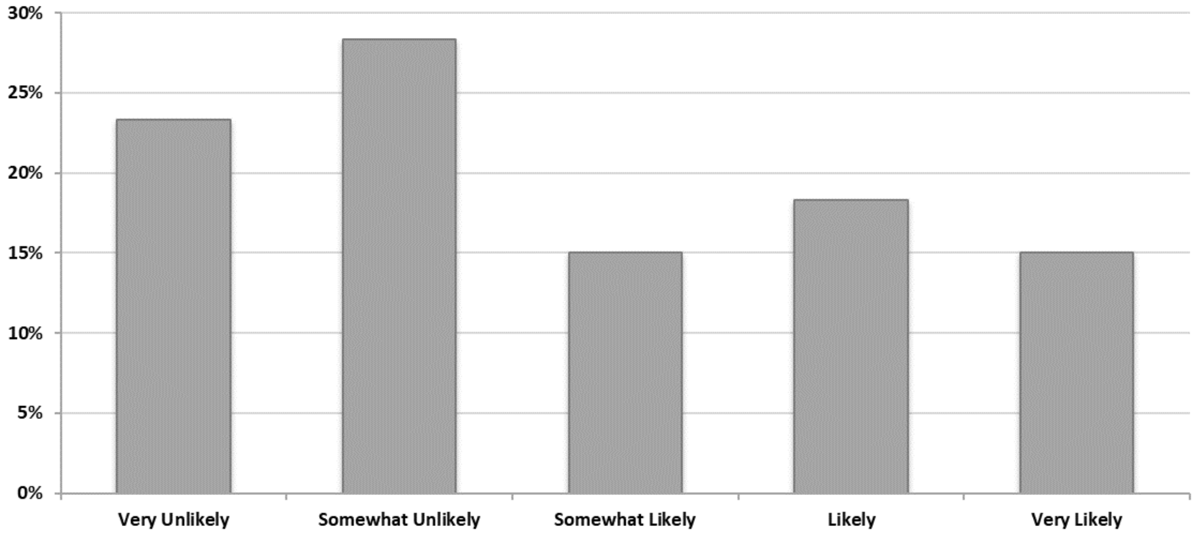
A21: The risk of the impact of the change in my organisation's value due to failed internal processes, people, and systems.



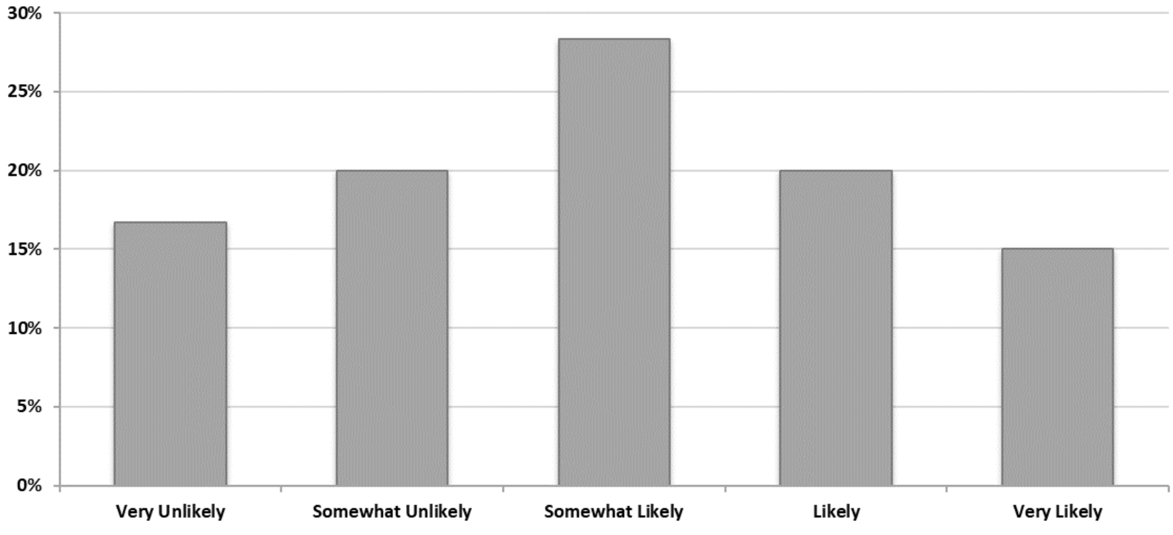
A22: The risk associated with the potential failure of technology (i.e., system glitches, poor IT skills, cyber-attacks) and the resultant disruption of my organisation's business operations.



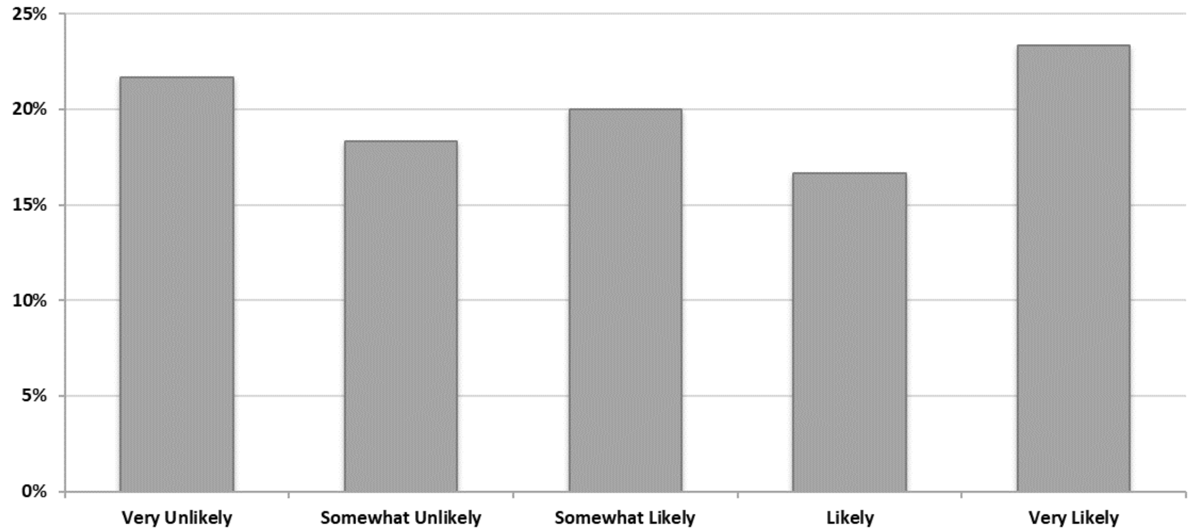
A23: The threat to the good name and standing of my organisation, due to the actions of directors and employees in my organisation.



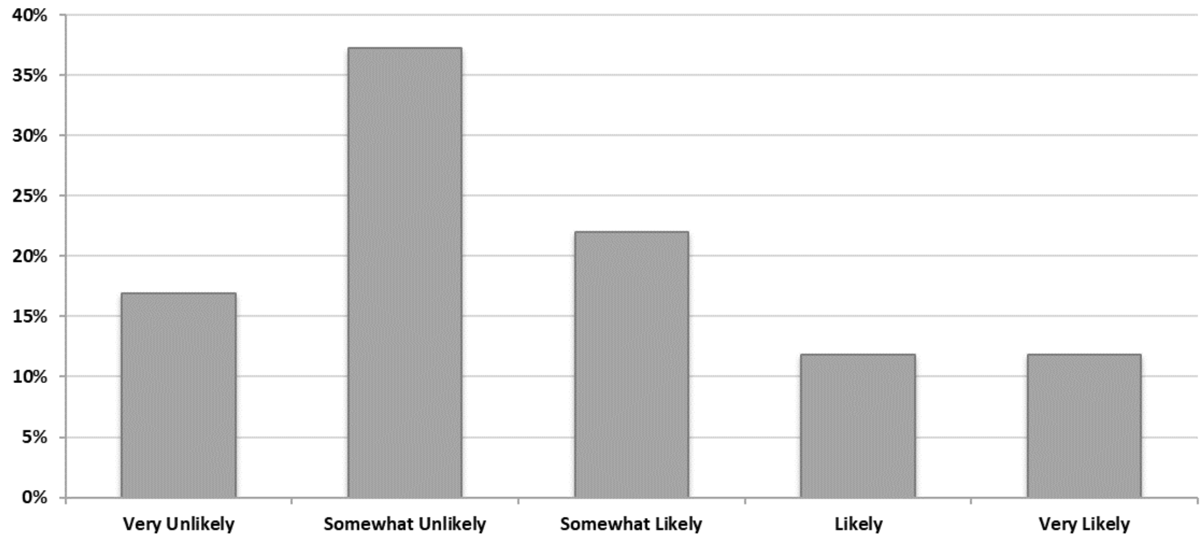
A24: The possibility of my organisation losing money due to unfavourable movements in the exchange rates (i.e., foreign exchange risk).



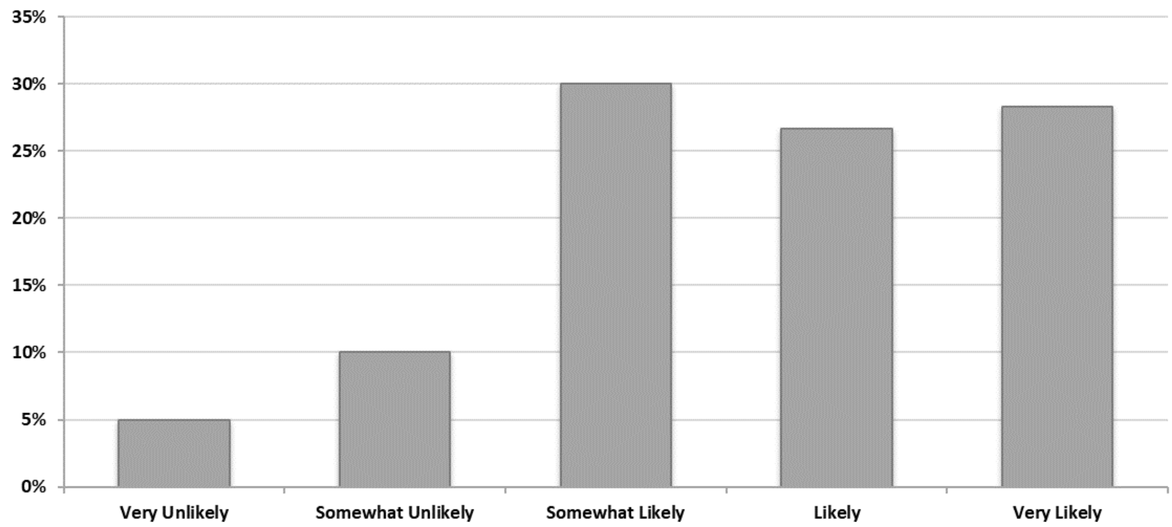
A25: The risk of loss for my organisation arising from poor risk assessment, inadequate reserving, uncontrolled expenses, catastrophic events, or a poor loss history experience on our book of business.



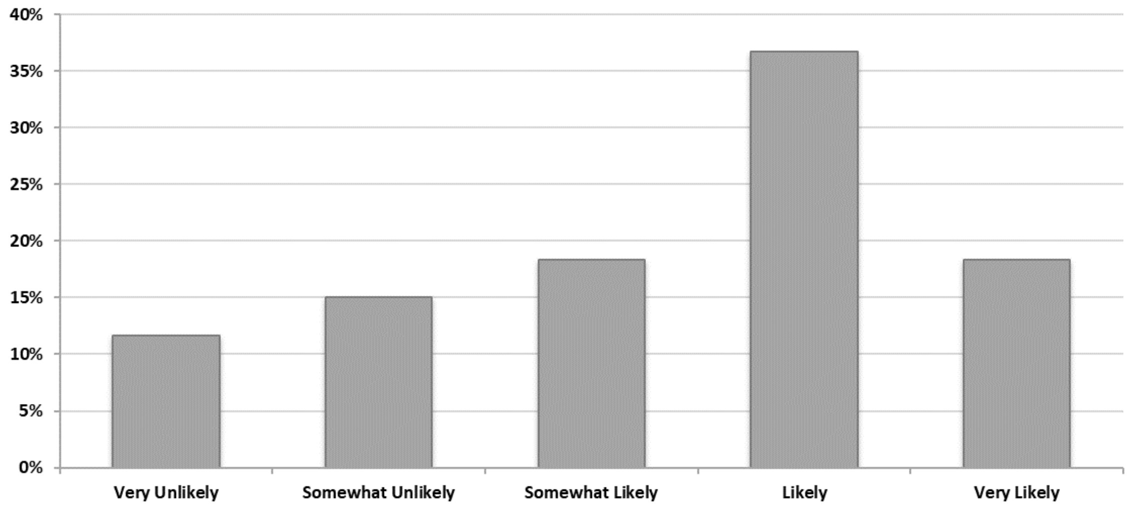
A26: The risk that one participant in the insurance industry value chain will fail to meet their contractual obligations, causing other participants to default, resulting in a domino effect or chain reaction, leading to broader financial difficulties across the entire industry.



A27: The risk that my organisation's operating environment, investment, and the value of its assets in the country may be affected by political, social, and economic events and uncertainty.

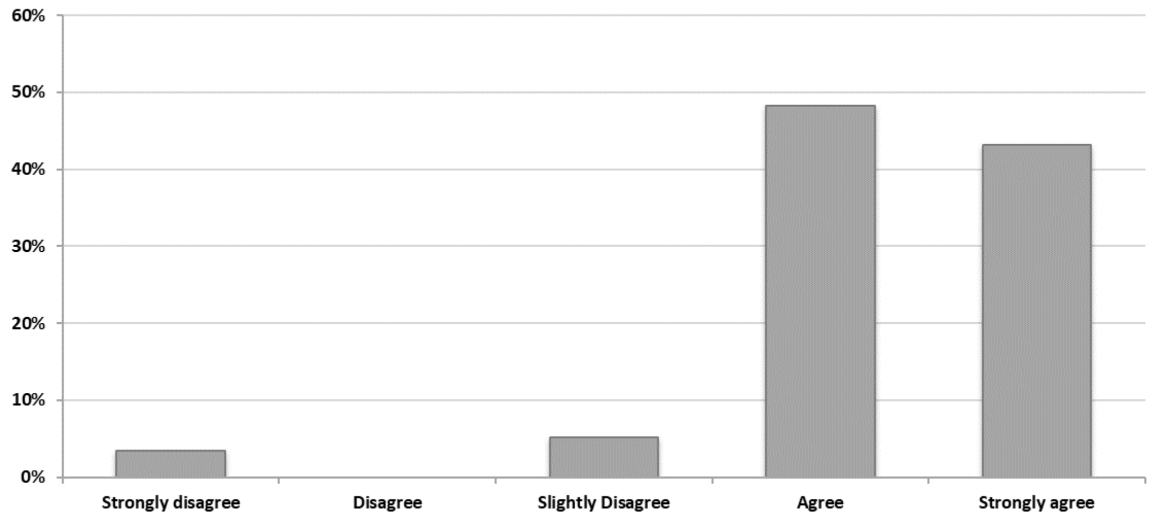


A28: The impact of climate change, risk, poor environmental management practices risk, human capital management risk, human rights, litigation risk, legal and regulatory compliance risk, bribery, and corruption risk.

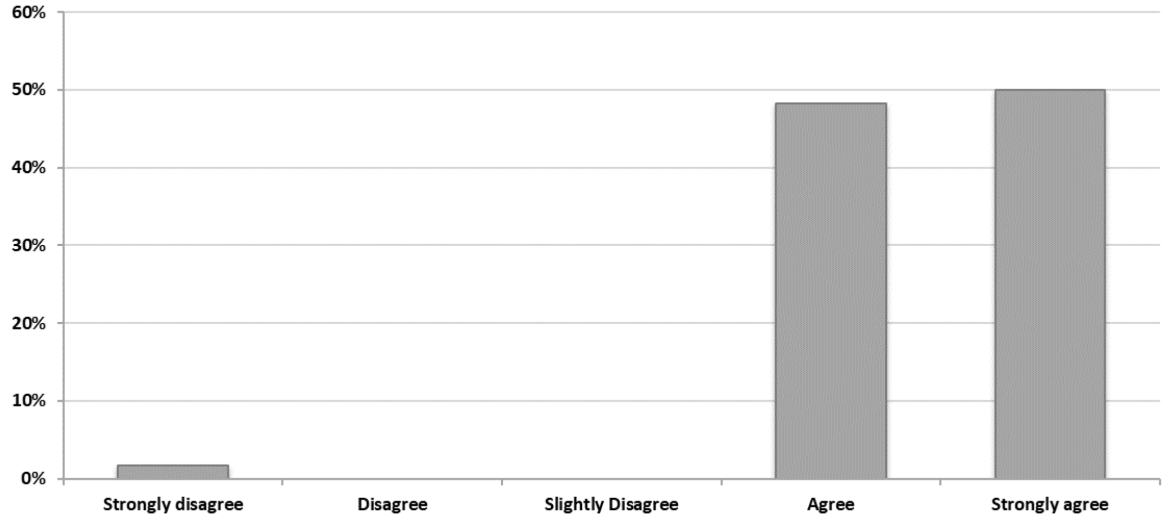


Section D: ERM Adoption and its impact on the viability of the insurance industry

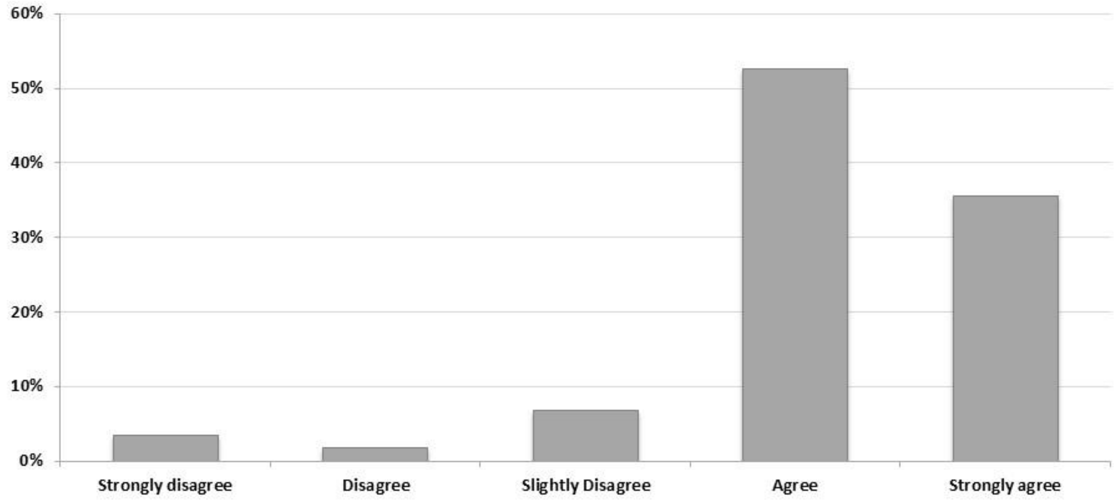
A29: My organisation has adopted ERM in its strategic make-up and its overall management process.



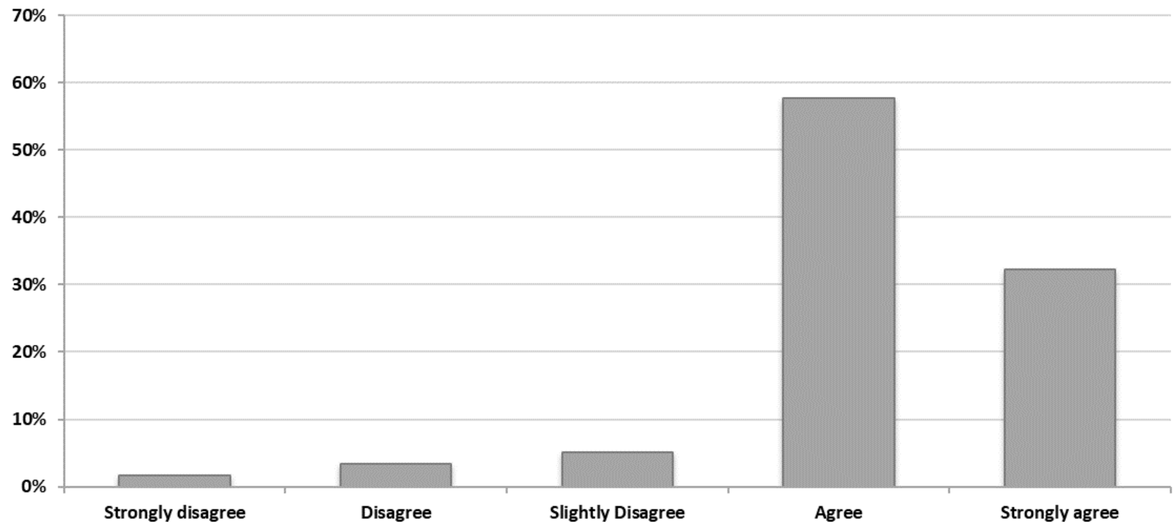
A30: My organisation recognises the importance of ERM integration as a critical and integral part of the organisation's overall management process.



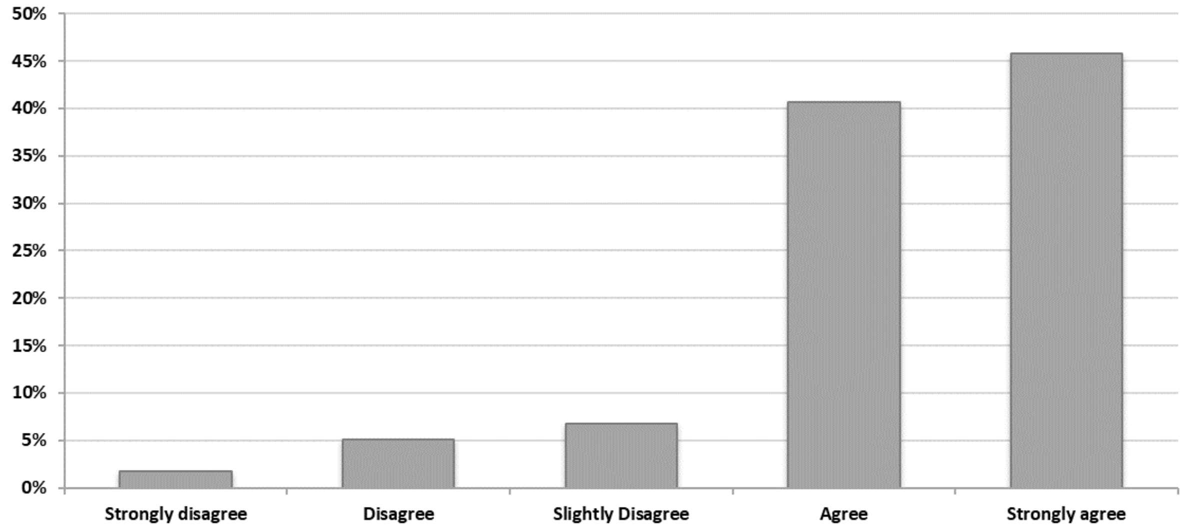
A31: My organisation has implemented a formal enterprise risk management framework.



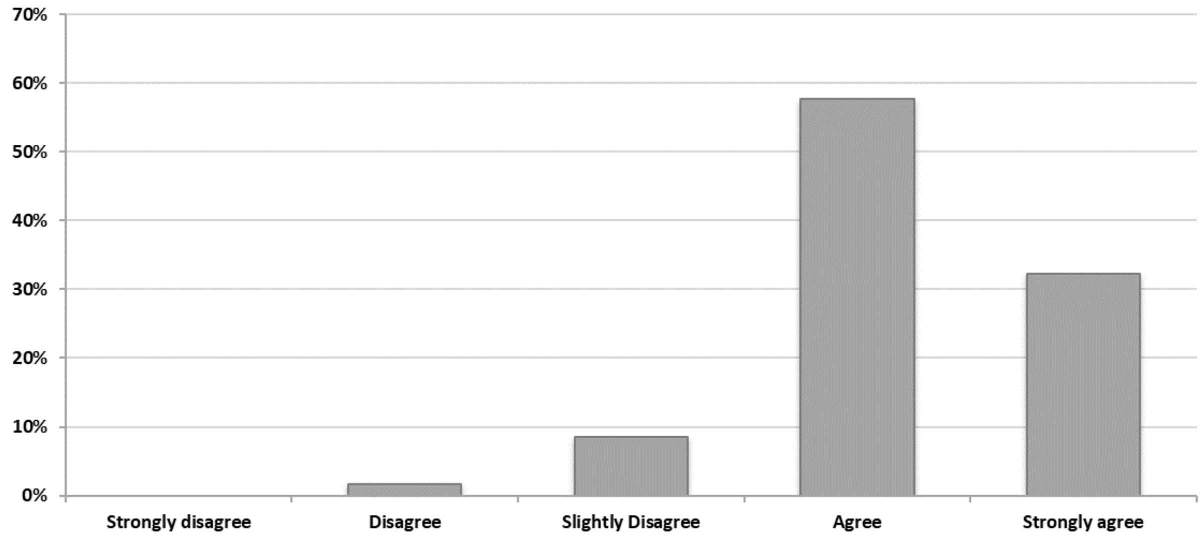
A32: The board of directors in my organisation currently sets strategies, policies and processes surrounding enterprise risk management.



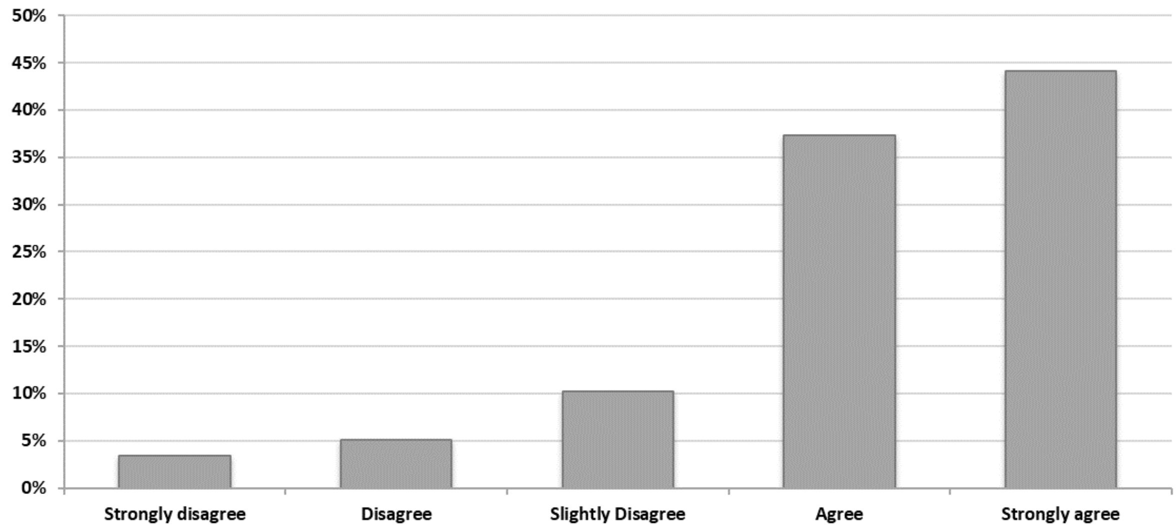
A33: My organisation's board of directors has a Risk and Audit Committee, which sits on a regular basis, at least quarterly, with a formal agenda, ERM Report and Risk & Control Register, which they regularly review.



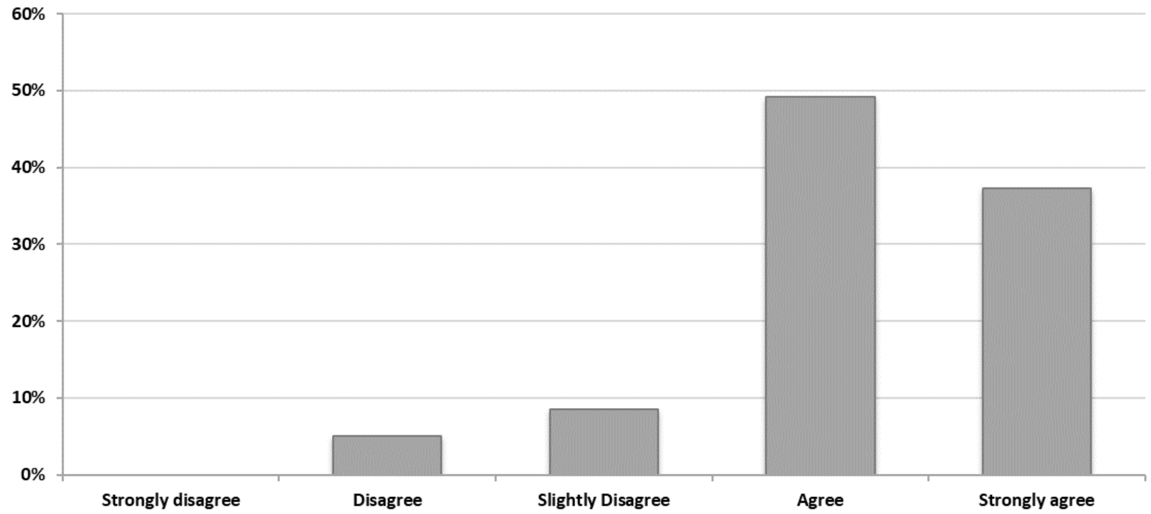
A34: My organisation's enterprise risk management framework is currently aligned with the organisation's overall business strategy.



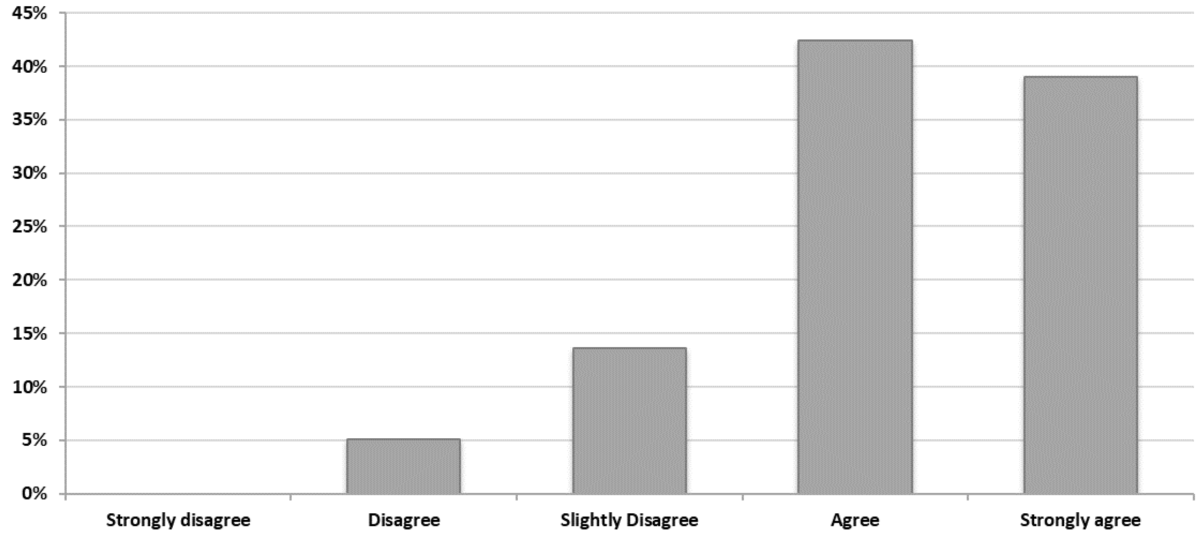
A35: My organisation has a fully-fledged risk management department with a risk manager/officer.



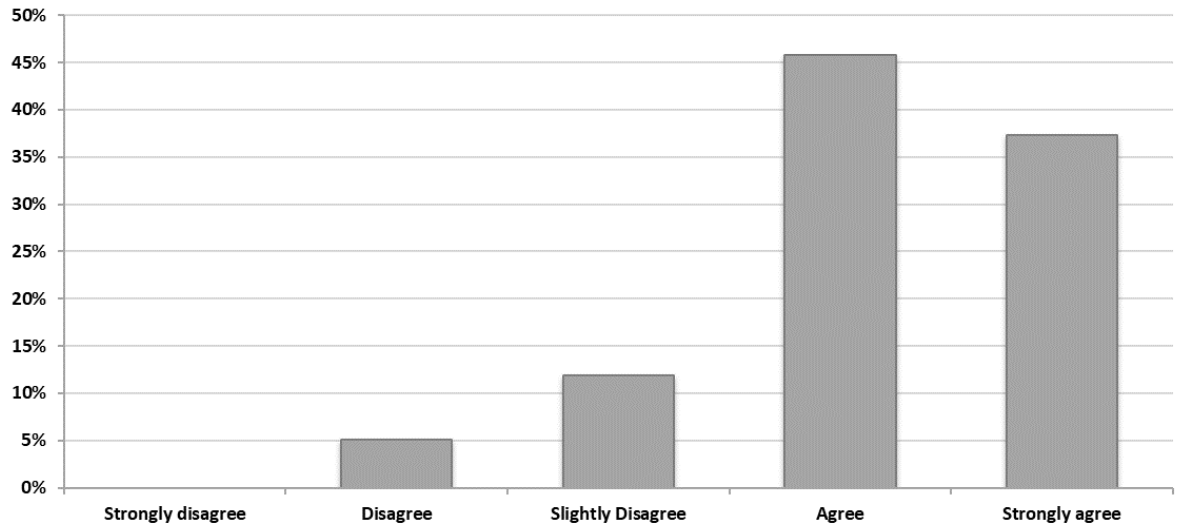
A36: In my organisation, the executive management and the risk manager create awareness of risks to the rest of the organisation.



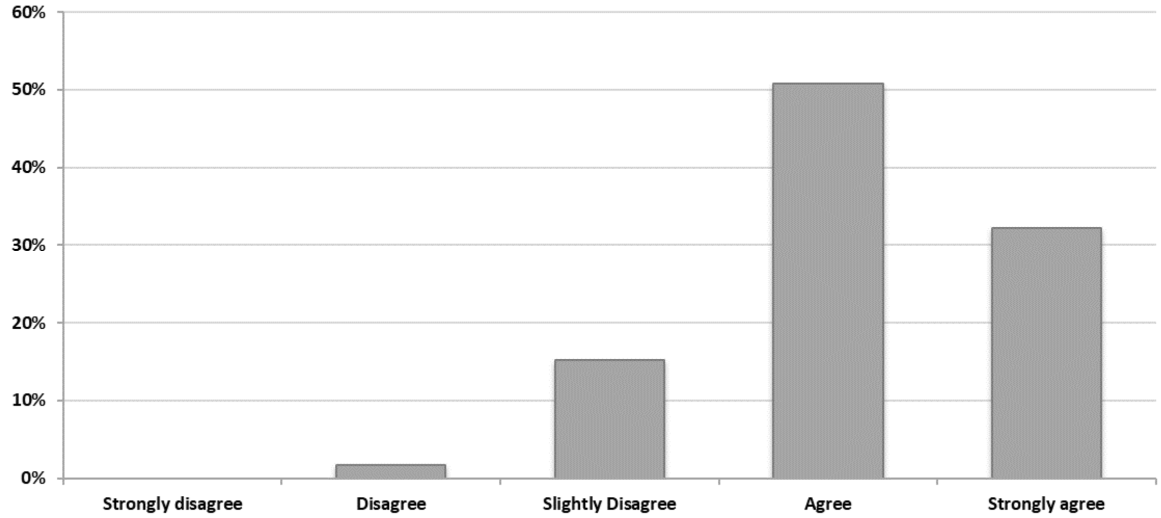
A37: My organisation regularly performs risk scenario analysis on its internal and external processes.



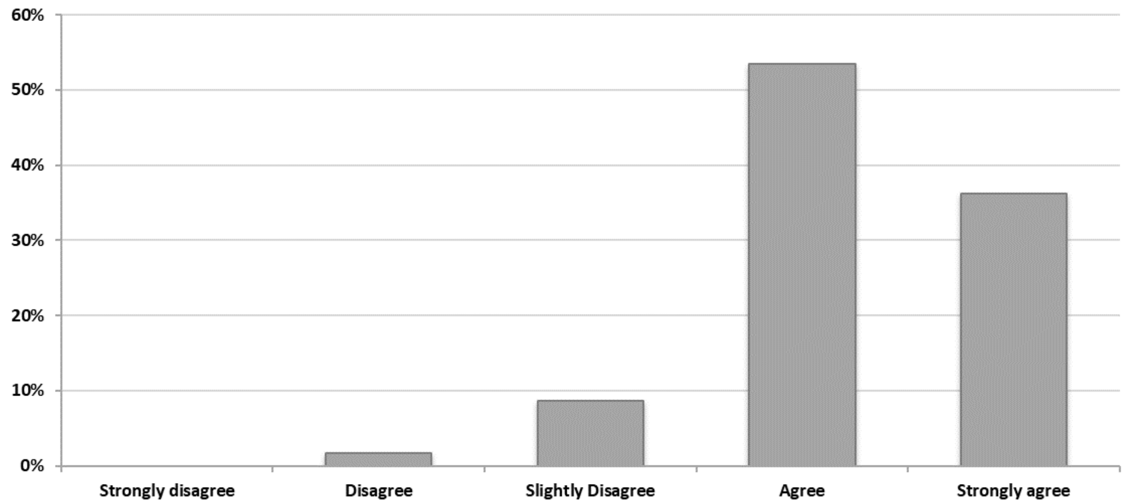
A38: My organisation encourages risk awareness by encouraging event reporting and looking to system design and human factors that contributed to events/errors and not individuals.



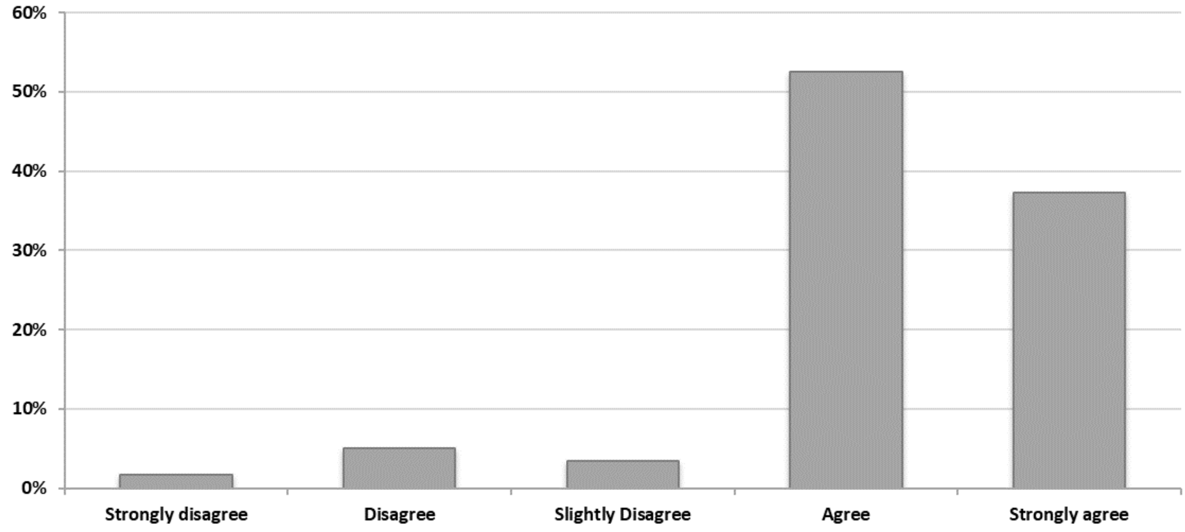
A39: There is a significant and symbiotic relationship between ERM and organisational performance.



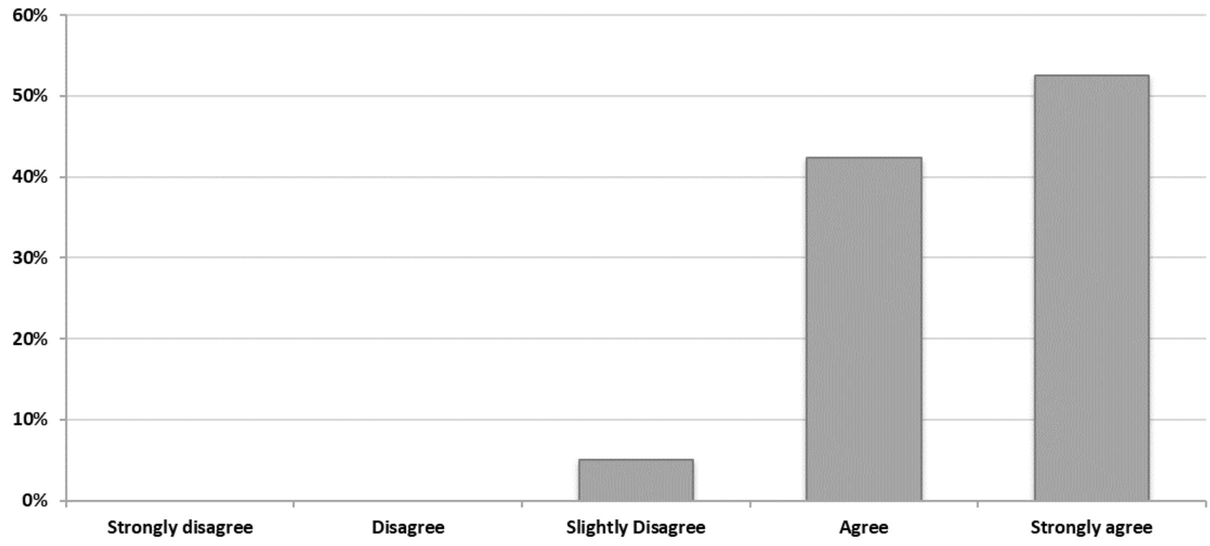
A40: Good ERM adoption and integration helps to improve my organisation's overall performance.



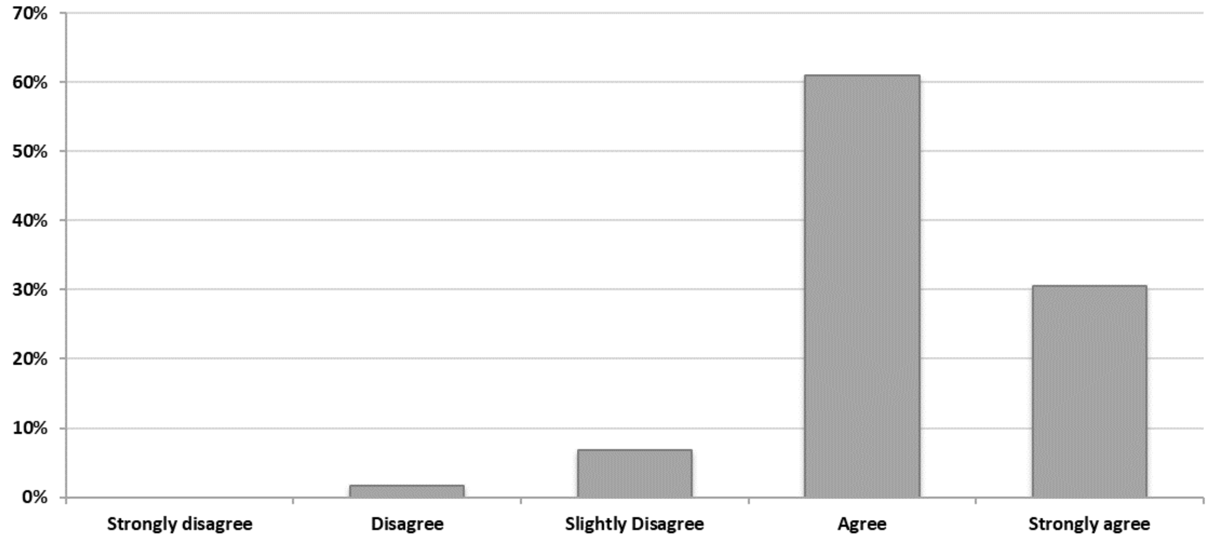
A41: The extent of ERM adoption and integration has serious implications on the viability of my organisation.



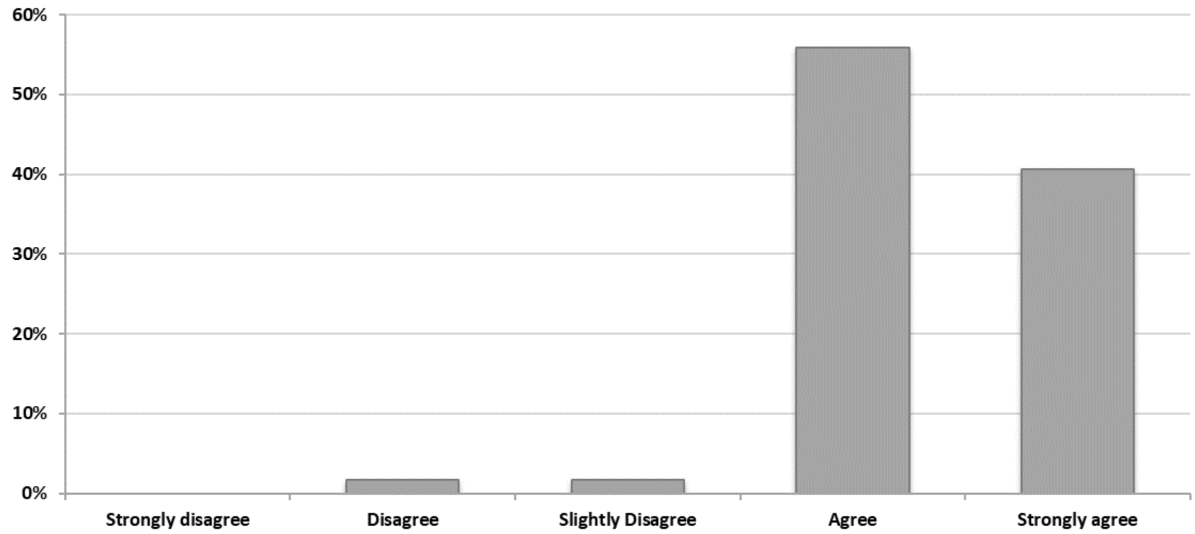
A42: Good ERM adoption and integration provides a framework for my organisation to be able to better identify and quantify strategic, operational, and financial risks.



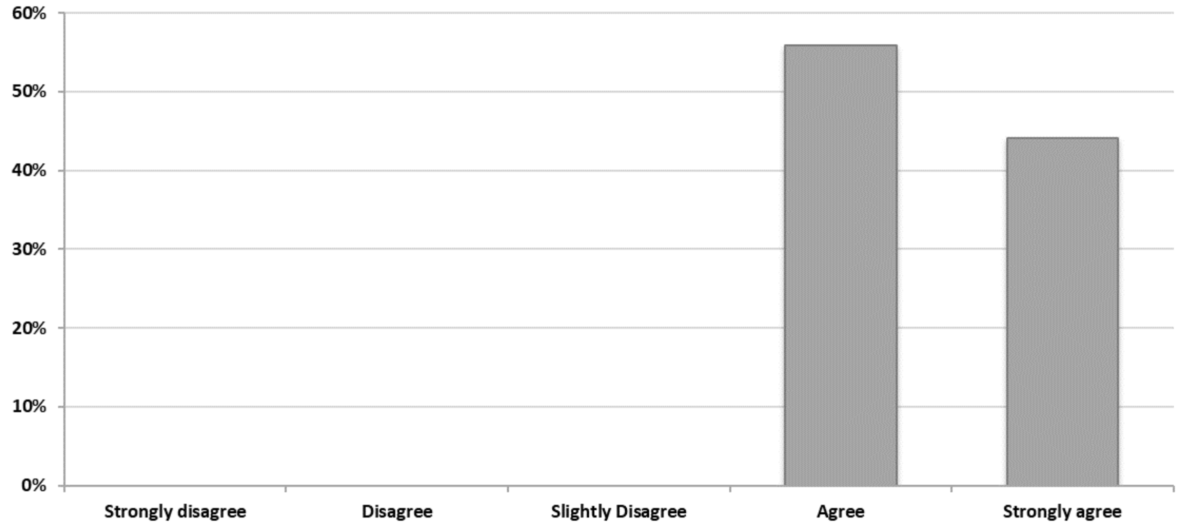
A43: Good ERM adoption and integration creates opportunities for cost efficiencies and profit, or revenue improvement for my organisation and its overall long-term organisational viability.



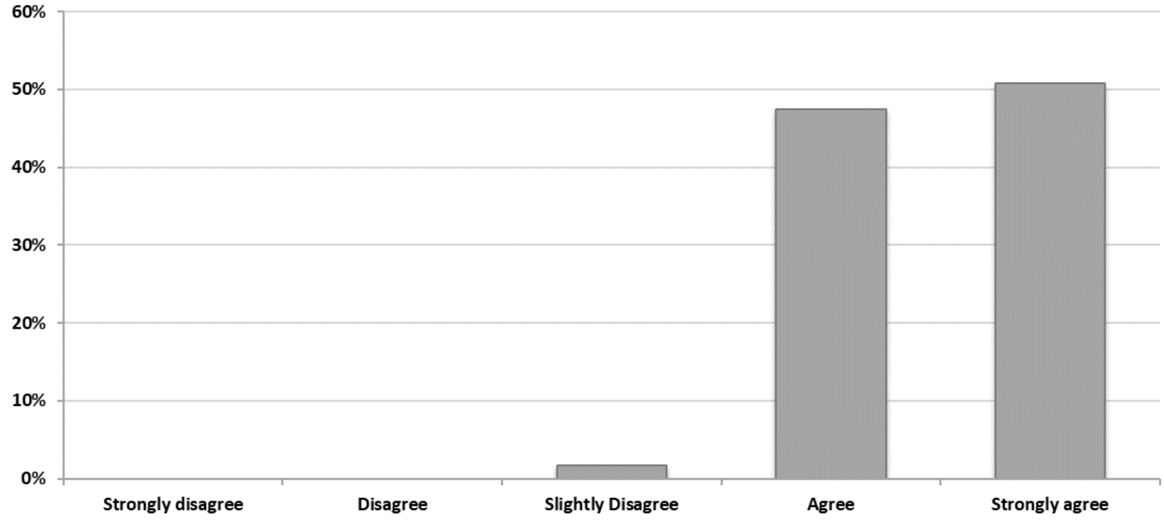
A44: Good ERM adoption and integration enables my organisation to achieve its objectives by proactively reducing unexpected business threats, and potential costs and revenue volatility.



A45: Good ERM adoption and integration will enable my organisation to make better and more informed decisions, which will help improve the organisation's viability.

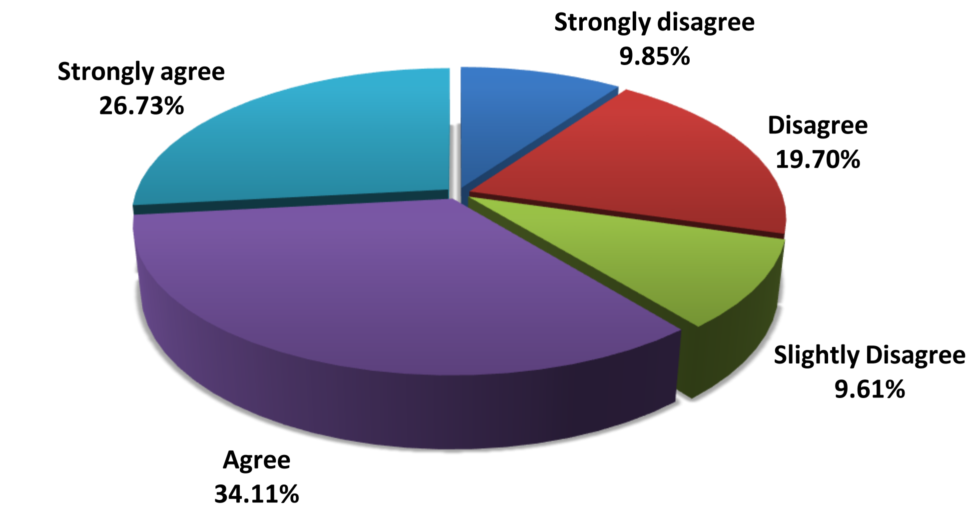


A46: Corporate culture has a critical influence on risk management culture, and ERM adoption and integration.

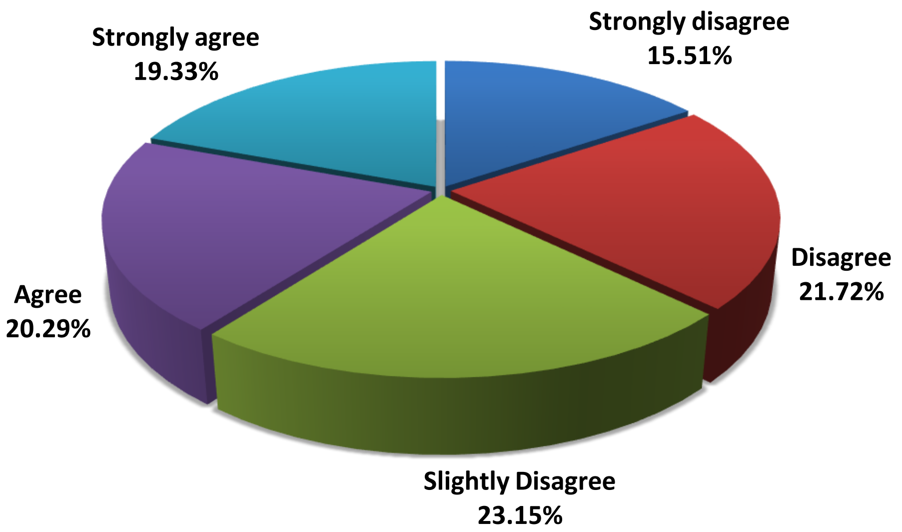


Overall response rate

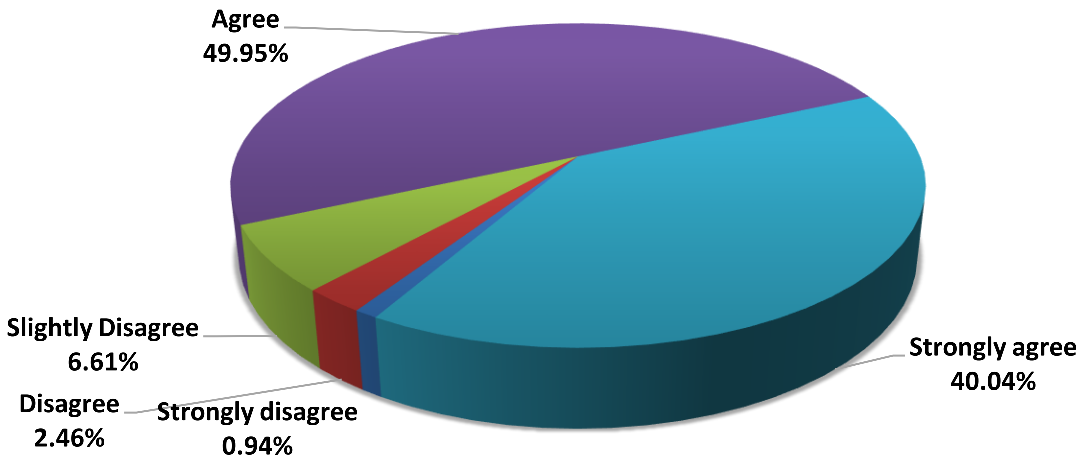
Overall response rate to risk identification in the insurance industry.



Overall response on Impact of various risks identified in the insurance industry



Overall response to ERM adoption & impact on the insurance industry's viability



ANNEXURE 3: ETHICAL CLEARANCE

Private Bag X1290, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Fax: 018 299-4910
Web: http://www.nwu.ac.za

Senate Committee for Research Ethics
Tel: 018 299-4849
Email: nkosinathi.machine@nwu.ac.za

19 September 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Economic and Management Sciences Research Ethics Committee (EMS-REC)** on 29/07/2022, Round Robin the Economic and Management Sciences Research Ethics Committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-REC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Analysing enterprise risk management adoption in the South African Short-Term insurance industry
Study Leader/Supervisor (Principal Investigator)/Researcher: Mr J Jansen van Rensburg / Mr D Mokatsanyane – MCom in Risk Management
Student: Siwedza, S (33212503)

Ethics number:

N	W	U	-	0	0	7	2	2	-	2	2	-	A	4
Institution				Study Number						Year			Status	

Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type:
Commencement date: 19/09/2022 **Risk:** Low
Expiry date: 19/09/2023
Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

-

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

- *The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:*
  - *annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and*
  - *without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.*
- *The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.*
- *Annually a number of studies may be randomly selected for an external audit.*
- *The date of approval indicates the first date that the study may be started.*

n the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to:

- *request access to any information or data at any time during the course or after completion of the study;*
- *to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;*
- *withdraw or postpone approval if:*
  - *any unethical principles or practices of the study are revealed or suspected;*
  - *it becomes apparent that any relevant information was withheld from the EMS-REC or that information has been false or misrepresented;*
  - *submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or*
  - *new institutional rules, national legislation or international conventions deem it necessary.*
- *Please note that the ethics approval of this application is subject to the Covid-19 protocols.*

The EMS-REC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EMS-REC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely,

Mark Rathbone

Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-West University, ou=Business management, email=mark.rathbone@nwu.ac.za, c=ZA
Date: 2022.09.20 14:42:31 +02'00'

Prof Mark Rathbone
Chairperson: NWU Economic and Management Sciences Research Ethics Committee

ANNEXURE 4: TURNITIN REPORT

Final Draft submission - Submitted 8 Dec 2023, 01:10

Assignment has been submitted on 8 Dec 2023, 01:10

In progress
Submitted
Returned
Title
Final Draft submission
Due
Number of resubmissions allowed
Unlimited
Accept Resubmission Until
31 Dec 2024, 20:45
Status
Submitted 8 Dec 2023, 01:10
Grade Scale
No Grade
Turnitin Report
24% - Analysing Enterprise Risk Management Adoption in the South African Short-Term Insurance Industry (S. Siwedza_Student No. 33212503).docx
History
8 Dec 2023, 00:37 SAST SHELTON SIWEDZA (33212503) saved draft
8 Dec 2023, 00:37 SAST SHELTON SIWEDZA (33212503) submitted
8 Dec 2023, 01:10 SAST SHELTON SIWEDZA (33212503) saved draft
8 Dec 2023, 01:10 SAST SHELTON SIWEDZA (33212503) submitted

Instructions

Submit final draft document without front page, abstract, table of contents, references or annexures.

Additional resources for assignment

No attachment yet

Submission

Your submission will be sent to Turnitin to be reviewed for plagiarism.

- *Only the following file types will be accepted: Word 97-2003 (.doc), Word 2007+ (.docx), Excel (.xls, .xlsx), PowerPoint (.pps, .ppsx, .ppt, .pptx), PDF (.pdf), PostScript (.eps, .ps), plain text (.txt), HTML (.htm, .html), WordPerfect (.wpd), OpenOffice (.odt), rich text (.rtf), Hangul (.hwp)*

Attachment

Analysing Enterprise Risk Management Adoption in the South African Short-Term Insurance Industry (S. Siwedza_Student No. 33212503).docx	(1 MB; 8 Dec 2023, 01:10)	Remove