

Issues with enterprise risk management buy-in: a South African government case study

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It all starts here [™]

PREFACE

This mini-dissertation is the final deliverable in the Centre for Applied Risk Management (UARM)'s taught master's degree programme. The mini-dissertation was written in article format and consists of three sections: Research project overview, Article and Reflection.

This mini-dissertation is the student's work. The student was responsible for the final concept, set up, execution of the research project, and writing of the mini-dissertation. The members of the supervisory team contributed in an advisory and technical support capacity on study conception and design, analysis and interpretation of data, and critical revision of the manuscript by the student. The mini-dissertation was language edited before hand-in.

The main study supervisor gave the student permission to hand this mini-dissertation in for examination.

ABSTRACT

The South African national government implemented enterprise risk management (ERM) to facilitate a strong public sector, able to contribute to economic development and social upliftment across South Africa. ERM principles can improve organisational performance by maximising opportunities to achieve strategic objectives, and minimising the risks in achieving them. This article reports on an exploratory study to identify issues impeding ERM buy-in in a South African government organisation, using a three-phase, mixed method research design. In Phase 1, brief structured interviews were used to identify relevant issues. In Phase 2, management ranked the top seven issues identified. In Phase 3, selected participants proposed improvements for ERM buy-in. A total of 15 participants (five executive, five senior and five middle managers), took part in Phases 1 and 3. All 67 members of the organisation's management team took part in Phase 2. The main conclusion of this study was that buy-in for ERM needed improvement in the organisation studied. The top three issues impacting buy-in were: poor high level corporate sponsorship for ERM; ERM not integrated into strategic planning and business processes; and inadequate capacity to manage identified risks. Recommendations to improve the level of buy-in are presented as part of this study.

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RESEARCH PROJECT OVERVIEW

This is an exploratory study of the issues impeding enterprise risk management (ERM) buy-in in a South African government organisation. The reason for choosing this topic was the relevance to the researcher's current working environment: The recommendations from this study will help improve ERM buy-in within the organisation.

The study was designed to assist the organisation to improve the level of ERM buy-in, thereby raising the potential for improvement in performance. Although this exploratory study was undertaken in one government organisation, the risks facing that organisation are expected to be similar to the risks facing other government organisations. The results of this study are therefore expected to provide useful input for the improvement of ERM buy-in in other government organisations.

The results suggest that buy-in for ERM is lacking and should be improved. The top three issues impacting buy-in were: poor high level corporate sponsorship for ERM, ERM not integrated into strategic planning and business processes, and inadequate capacity to manage identified risks. Recommendations to improve the level of buy-in are presented as part of this study.

The article will be submitted to the *Journal of Public Administration*. This journal was selected for the following reasons:

- The journal publishes articles related to the public sector;
- the journal is accredited with the South African Department of Higher Education and Training and with the international Bibliography of Social Science; and
- the journal has published previous articles related to risk management.

ARTICLE

Issues with enterprise risk management buy-in: a South African government case study

1 Abstract

The South African national government implemented enterprise risk management (ERM) to facilitate a strong public sector, able to contribute to economic development and social upliftment across South Africa. ERM principles can improve organisational performance by maximising opportunities to achieve strategic objectives, and minimising the risks in achieving them. This article reports on an exploratory study to identify issues impeding ERM buy-in in a South African government organisation, using a three-phase, mixed method research design. In Phase 1, brief structured interviews were used to identify relevant issues. In Phase 2, management ranked the top seven issues identified. In Phase 3, selected participants proposed improvements for ERM buy-in. A total of 15 participants (five executive, five senior and five middle managers), took part in Phases 1 and 3. All 67 members of the organisation's management team took part in Phase 2. The main conclusion of this study was that buy-in for ERM needed improvement in the organisation studied. The top three issues impacting buy-in were: poor high level corporate sponsorship for ERM, ERM not integrated into strategic planning and business processes, and inadequate capacity to manage identified risks. Recommendations to improve the level of buy-in are presented as part of this study.

2 Introduction

The South African government recognised the importance of having a strong public sector to support economic development and service delivery. The Constitution of South Africa, Act No. 108 of 1996 (South Africa 1996) and the National Development Plan 2030 (South Africa 2011) emphasised government's strategic objectives of poverty eradication, sustainable and equitable development, and job creation. South African government organisations face many risks in pursuit of its strategic objectives. These include limited financial resources, ailing infrastructure, service delivery protests, and rising demands for basic services, which can all cause performance to falter or fail. To achieve the strategic objectives therefore, benefits from the available resources should be maximised and risk events should be minimised. Enterprise risk management (ERM) is a recognised tool for identifying and managing risks and opportunities throughout an enterprise, in united pursuit of its objectives.

The concept of ERM was introduced to South African government organisations in 1999 when the Public Finance Management Act, No. 1 of 1999 (South Africa 1999) was gazetted. Section 38(a)(i) of this act required all public sector organisations to implement an efficient and effective system of risk management.

To benefit from ERM, its principles must be embedded in all decisions taken, whether in setting strategies or in implementing processes and practices down the line. However, a Canadian study by Kleffner, Lee and McGannon (2003) indicated that ERM cannot be successfully embedded in an organisation without buy-in at management level. Beasley, Branson and Hancock (2010) found the importance of ERM buy-in throughout the organisation to be important to the successful implementation of ERM as a tool to improve performance.

Based on the above, we did an exploratory study on the level of ERM buy-in in a South African government organisation that had received a qualified audit opinion for three consecutive financial years (2012, 2013 and 2014). The audit qualification report and the management performance assessment tool for these three financial years indicated that the organisation had performed poorly in the area of ERM. It seemed possible that poor ERM buy-in could have contributed to these disappointing performance results and that there could be issues impeding the necessary buy-in at management level.

2.1 Research objectives

ERM was implemented in 2006 in the South African government organisation selected for this study. The organisation's risk management policy, strategy and plan were developed and approved in the same year and have been reviewed annually since then. An Executive Risk Committee was also established to monitor the implementation of risk management, mitigation actions and ERM buy-in.

This study was designed to assist the organisation to improve the level of ERM buy-in, thereby raising the potential for improvement in performance. Although this exploratory study was undertaken in one government organisation, the risks facing that organisation are probably similar to the risks facing other government organisations. The results of this study are therefore expected to provide useful input for improving ERM buy-in in other government organisations.

The objectives of this study were to:

- understand the issues that negatively impact buy-in to ERM in the government organisation;
- recommend how to improve ERM buy-in in the organisation; and

- draw conclusions that may be useful for ERM implementation in other governmental organisations.

3 Background

3.1 Enterprise risk management

The Committee of Sponsoring Organisations (COSO) defines ERM as a risk management process affecting value creation or preservation, initiated during strategic planning and applied across the organisation. The organisation's board of directors, executives, management and all other staff members are responsible for the ERM process and its contribution to achieving the entity's objectives (COSO 2004:2). ERM is therefore a holistic, integrated approach to managing all risks facing the organisation, particularly strategic risks (Beasley et al. 2010; Beasley, Clune & Hermanson 2005; Bromiley, McShane, Nair & Rustambekov 2014; COSO 2004; Frigo & Anderson 2011; ISO 2009; Kleffner et al. 2003).

The Companies Act of South Africa, No. 71 of 2008 (South Africa, 2008) and the King III Report on Corporate Governance (King Committee 2009) both require governments, regulatory authorities, financial institutions and shareholders to have greater accountability from senior officials in managing their organisations' risks. It has been argued that, for organisations to experience the benefits of ERM, it must be embedded in all processes and practices and management decisions, including strategy setting and the taking of decisions (Arena, Arnaboldi & Azzone 2010; Fraser & Henry 2007; Frigo & Anderson 2009; Frigo & Anderson 2011; Power 2009). Senior officials in South Africa are therefore accountable for embedding ERM in their organisations.

3.2 Enterprise risk management in strategy setting and improving performance

Gordon, Loeb and Tseng (2009) found that the relationship between organisational performance and ERM depends on how well organisation-specific dynamics were considered and aligned during ERM implementation. This finding supports the importance of aligning ERM within government organisations to their organisational objectives in order to improve performance. Of course, strategy setting then has to be done with the objectives in mind. Frigo and Anderson (2011) stated that, in order to experience the value of ERM, it must also form an integral part of the strategy setting process. Walker, Shenkir and Barton (2002:11-13) and Valsamakis, Vivian and Du Toit (2005:11) identified the reasons for managing risks as: to maximise shareholder value, grow the organisation and ensure the achievement of strategic/corporate objectives. Coffin (2009) and Fraser and Simkins (2010:31) agreed that senior executives should view ERM as an important strategic enabler as it is mainly concerned

with managing strategic risks. This renewed focus on the importance of ERM can be attributed to the 2008 economic crisis that forced many executives to reconsider the importance of strategic risk management in the strategic planning process.

The same principles apply for strategic risk management in the public sector.

3.3 Executive management responsibility (Risk owner)

ERM should form an integral part of the executive's managerial duty to protect the organisation, its assets, profits and employees against the risk consequences arising from financial and physical occurrences (Steinberg 2011:173; Tarantino 2008:15; Valsamakis et al. 2005:11).

Executive managers are accountable for managing risks and for the day-to-day functioning of the organisation, to achieve the organisation's strategic objectives with minimal disruption to the business. A study by Gates, Nicolas and Walker (2012) showed that a structured approach to ERM achieved greater buy-in from executives and improved organisational performance. Executive managers are responsible for setting the strategy and tone for ERM (Chambers 2008; PricewaterhouseCoopers 2012). Executives are expected to be proactive in their strategic planning and identification of possible risk scenarios (Coffin 2009; Frigo & Anderson 2011). Meeting these expectations is complicated by global economic changes, varying and complex risk portfolios, increased competition and globalisation, regulatory and corporate governance requirements, and legislative requirements (Bromiley et al. 2014; Fraser & Simkins 2010:31-33).

Executives therefore want to have better control over, not just known risks, but also emerging and unforeseeable risks. They expect ERM to protect the organisation from all these risks, and create value for the shareholders. Consequently, executives are placing pressure on risk teams to evaluate weaknesses in the risk management processes and to strengthen risk identification and analysis, especially in relation to strategic risks. This requires an integrated approach to risk management that includes senior and middle management (Frigo & Anderson 2011).

3.4 Senior and middle management responsibility (Risk champions)

According to Pretorius (2014:155-156), senior and middle managers are responsible for ensuring the consistent application of ERM principles, frameworks and practices throughout the organisation. Managers at senior and middle management levels are better placed than executive management to identify key risks and to identify mitigating actions because they are closer to the operational environments. Some organisations have shifted some of the power for decision-making closer to the staff responsible for day-to-day operations (Moeller 2011:162-

163). They are closer to the area where the decision is required, allowing for better management of risks.

Risks need to be managed in strategies, processes and systems. The reasons for poor buy-in are different in each of these areas.

3.5 Reasons for poor buy-in to enterprise risk management

The following reasons for poor buy-in of ERM were found:

Strategic

- lack of a well-defined appetite for risks (Duckert 2011: 28-32);
- lack of senior level sponsorship (Duckert 2011:28-32);
- a risk structure that is not suitably defined for integrated evaluation of risks across the organisation (Duckert 2011:28-32);
- risk language and risk culture are not well articulated (Duckert 2011:28-32);
- lack of evidence of value created through ERM implementation to support further investment in ERM. Many directors on boards and management teams do not see the value of ERM and therefore do not support its implementation. (Beasley et al. 2010; Beasley, Branson & Hancock, 2012);
- ERM not integrated into strategy setting (Rao & Marie 2007);
- executives seem certain that their risk management practices are sufficient and tend to be overconfident about their control of risk events that are actually beyond their control. Managers tend to present a biased view during assessments and are likely to be in favour of information that resonates with their own views, and to suppress information that is to the contrary (Beasley et al. 2010; Kaplan & Mikes 2012).

Processes

- complicated risk categorisation systems (Duckert 2011:28-32);
- no plan to continually improve risk management (Duckert 2011:28-32).

Systems

- no automated risk management solution that supports the ERM framework and strategy (Duckert 2011:28-32); and
- inflexibility of the frameworks, which are not designed to suit specific sectors (Miller, Kurunmäki & O'Leary 2008).

4 Method

A three-phase, mixed method research design was used to determine the issues impeding ERM buy-in within the organisation. In Phase 1, the principal researcher conducted structured interviews to identify the key issues with ERM buy-in. In Phase 2, participants were asked to rank the key issues identified. In Phase 3, a subset of participants was asked to recommend ways to improve ERM buy-in.

As ERM mainly concerns strategic risks, the researcher selected executive, senior and middle managers for the data collection process. This group makes up the main management structure of a South African government organisation and is concerned with its strategic risks.

Data collection was founded on the interviews in Phase 1. Five executive, five senior and five middle managers were asked to list the issues they believed were hindering ERM buy-in within the organisation. To achieve a 100% response rate from the 15 participants, the researcher conducted the interview at a full management meeting. The responses were analysed to extract the seven issues most frequently identified.

In Phase 2, all 67 members of the organisation's management team were asked to rank the top seven issues in order of priority, with 1 having the highest negative impact on ERM buy-in into the organisation, and 7 having the lowest negative impact. The questionnaire was e-mailed to each participant and follow-up was made telephonically, with a 100% response rate.

During Phase 3, the Phase 1 participants were e-mailed the four top-ranked issues and asked to recommend actions for each to improve ERM buy-in within the organisation. The researcher then called each of them to obtain their recommendations.

5 Results and Discussion

5.1 Phase 1. Issues hindering ERM buy-in

Listed below are the seven issues most frequently identified as hindering ERM buy-in within the organisation, with the number of times they were mentioned:

- 1 Poor high level corporate sponsorship (11);
- 2 Inadequate capacity to manage the identified risks (11);
- 3 ERM not integrated into strategic planning and the business (9);
- 4 Insufficient training on ERM (9);
- 5 Inadequate communication on ERM (8);

- 6 Resistance to change in the organisation (7); and
- 7 Lack of transparency about actual risks identified (5).

The remaining issues, raised by one participant each, were: “Crisis management instead of risk management”; “Poor attitude of employees toward ERM”; “Lack of understanding of the value of ERM”; “Poor response times in responding to risks”; “Risk appetite for the organisation is not well defined”; “Lack of junior level ownership of risks” and “Inability to manage contractor performance”.

5.2 Phase 2. Ranking of issues

Phase 2 focused on the seven issues that were most frequently identified by the participants in Phase 1. All 67 of the organisation’s management team were asked to rank the seven issues in order of their importance to hindering ERM buy-in in the organisation.

The management team represented the organisation’s three departments as follows: business management (n = 39; 58%), financial management (n = 22; 33%) and risk management (n = 6; 9%). The business management participants worked in the technical units (operations and maintenance of infrastructure, construction of infrastructure and project management), internal audit, administration, human resource management and information technology. The financial management participants had positions in management accounting, internal control, revenue management, supply chain management and financial management. The risk management participants dealt with compliance management, fraud and corruption, strategic and operational risk management, and project risk management.

The management levels of the participants were distributed as follows: executive management (n = 8; 12%), senior management (n = 23; 34%) and middle management (n = 36; 54%). The senior and executive managers (46% of the population) were the decision-makers, while the middle managers (the remaining 54% of the population) were responsible for implementing the decisions.

The average individual rankings per issue were not distributed normally (see Appendix C). Therefore, a cumulative percentage of ranking responses per issue was calculated to check whether the average (mean) was a suitable measure to obtain a ranking (see Table 1). The cumulative percentage method confirmed the ranking obtained using the average ranking per item. Average ranking was therefore used for the rest of the analysis.

Table 1: Descriptive statistics for ranking responses of the total group of 67 respondents, with the higher ranking issues having highest negative impact on ERM buy-in into the organisation

Issue	Mode	Mean	Average ranking	Ranking according to cumulative percentage of ranking responses method
Poor high level corporate sponsorship of ERM	1	3.2	1=	1=
ERM not integrated into strategic planning and the business	2	3.2	1=	1=
Inadequate capacity to manage the identified risks	3	3.5	3	3
Lack of transparency about actual risks identified	4	3.9	4	4
Resistance to change in the organisation	5	4.0	5	5
Insufficient training on ERM	6	5.0	6	6
Inadequate communication of ERM	7	5.2	7	7

Table 2 summarises the overall ranking of the issues by the organisation’s managers, as well as the rankings categorised by management role and management level.

Table 2: Average ranking of the top seven issues impeding ERM buy-in in relation to management structure

Issue	Ranking of the issues from highest negative impact (1) to lowest negative impact (7)						
	Overall ranking	Management role			Management level		
		Business	Financial	Risk	Executive	Senior	Middle
Poor high-level corporate sponsorship of ERM	1=	2	2	1	2=	1	1=
ERM not integrated into strategic planning and the business	1=	1	1	3	1	2	3

Issue	Ranking of the issues from highest negative impact (1) to lowest negative impact (7)						
	Overall ranking	Management role			Management level		
		Business	Financial	Risk	Executive	Senior	Middle
Inadequate capacity to manage the identified risks	3	3	3	4	2=	3	1=
Lack of transparency about actual risks identified	4	4	4	5	5	4	4
Resistance to change in the organisation	5	5	5	2	4	5	5
Insufficient training on ERM	6	6	6	6=	6	6	6
Inadequate communication of ERM	7	7	7	6=	7	7	7

The ranking does not correspond to the number of times mentioned during Phase 1. Asking more managers to contribute to the ranking in Phase 2 therefore provided valuable additional information to the research project.

Each ranked issue will now be discussed.

5.2.1 Poor high-level corporate sponsorship of ERM

Table 1 shows that the sample group placed poor high-level corporate sponsorship of ERM as the number 1 issue. In terms of management role, risk managers ranked it as the top factor impeding ERM buy-in. In terms of management level, senior and middle managers ranked “executive management support” highest on the list of issues impeding ERM buy-in within the organisation. These results support the Canadian study by Kleffner et al. (2003), which attributed 61% of the influence for ERM buy-in to risk managers and 51% to the board of directors. In studies of international health care, manufacturing and retail companies, Duckert (2011:28-32) and Frigo and Anderson (2011) confirmed the importance of senior level sponsorship for ERM buy-in.

The ranking by executive managers was high but this issue was not number 1 in their list. The high ranking does however indicate acceptance that management buy-in is a problem in the organisation. This result links with the next factor that hinders buy-in: ERM not integrated with strategic planning and business management. The strategic and business management teams can therefore be seen to agree that issues with ERM buy-in start at the top of the organisation.

5.2.2 ERM not integrated into strategic planning and the business

In the overall ranking for our study, this factor was ranked on the same level as poor high level sponsorship (see Table 1) but executive management perceived it to be more important. This supports international studies conducted in the United States by Coffin (2009), Fraser and Simkins (2010:31), and Frigo and Anderson (2009), which indicated that the 2008 economic crisis caused executives to place greater emphasis on managing strategic risks and on integrating strategic planning and risk management initiatives. A Dubai study conducted by Rao and Marie (2007) revealed that ERM was not integrated with strategy setting before 2008.

The difference in management prioritisation for the two top ranked issues could be because individuals at each level are unwilling to rate the issue most closely related to their own role as the most negative for impact on ERM buy-in.

5.2.3 Inadequate capacity to manage the risks identified

In the overall ranking for the sample group, inadequate capacity to manage the risks identified was ranked third (see Table 1). Business, financial management and senior management ranked the issue similarly, whilst risk management ranked it one level lower. Executive and middle management therefore viewed this as an important issue to improve ERM buy-in.

In a United States study of health care, manufacturing and retail companies, Duckert (2011:28-32) mentioned that a risk structure that is suitably defined and populated to evaluate risks in an integrated manner across the organisation is a key element for ERM buy-in. This risk structure suggests the appointment of the Chief Risk Officer and dedicated risk champions to improve ERM within the organisation.

During the interviews, middle managers noted that the capacity to manage the identified risks was inadequate at their level, whilst risk managers did not give this issue such a high priority. Middle managers said that they were required to manage the business unit risks as well as their own work. ERM did not form an integral part of their work. They also indicated a lack of understanding of risk management at the middle management level. They therefore placed this issue higher on their ranking of issues impeding ERM buy-in.

5.2.4 Lack of transparency about actual risks identified

In the overall ranking for the sample group, lack of transparency about actual risks identified was ranked fourth (see Table 1). This confirms the findings in an international study of various organisations in the United States by Kaplan and Mikes (2012). They found risk owners tended to be overconfident about their control over risk events that were really beyond their control; and

that managers were often biased towards information that agreed with their views and suppressed information that opposed them.

All participants gave this issue lower priority and the ranking was fairly consistent across the subgroups.

5.2.5 Resistance to change in the organisation

In the overall ranking for the sample group, resistance to change in the organisation was ranked fifth (see Table 1). Here, the risk management ranking differs vastly from that of business and financial management. The difference in views between the functional levels confirms business managers' general resistance to change experienced by risk managers trying to sell the value of risk management, including ERM (Beasley et al. 2010; Bromiley et al. 2014; Frigo & Anderson 2011).

During Phase 2, the ranking phase, it was clear risk management participants believed resistance to change was impacting on ERM buy-in within the organisation and should be treated as a high priority matter. Risk managers indicated that "the organisation treated ERM as a 'tick box' or compliance process and therefore could not experience the full value of ERM".

5.2.6 Insufficient training on ERM

Insufficient training on ERM was ranked sixth across all groups (see Table 1). Beasley et al. (2010) found, in a survey of members of COSO, that a lack of evidence of value created disinclined organisations in the sample group to invest more in ERM. During the interviews conducted in Phase 1, participants said training was conducted but they felt there should be refresher training once a quarter. However, all the participants perceived this issue as a low contributor to inadequate buy-in to ERM.

5.2.7 Inadequate communication of ERM

Inadequate communication of ERM was ranked as the least important contributor to lack of buy-in to ERM (see Table 1). Good communication is however vital to ensure ERM buy-in within an organisation, as found in a United States international study of health care, manufacturing and retail companies by Duckert (2011:28-32): The author indicated that ERM buy-in requires organisations to develop an uncomplicated system for risk categorisation and a plan to continually improve risk management; to achieve this, organisations must adequately communicate the risk structure, have a well-defined risk appetite, a properly articulated risk

language, a risk culture, and an automated risk solution that supports the ERM framework and strategy.

Participants agreed that their government organisation had a communication strategy, a dedicated web page and quarterly risk assessments, and ranked communication as the lowest issue. They all gave this subject low priority for being addressed.

5.3 Conclusions from the discussion

A limitation for this kind of study is the fact that rankings are influenced by the personal investment of the ranker, leading to potential bias in the ranking. This was mitigated by careful analysis of the ranking by management role and level. The split in ranking between management groups provided valuable information to the managers responsible for the function that the relevant issue referred to.

5.4 Phase 3. Recommendations from interviewees

In Phase 3, the fifteen participants from Phase 1 were asked to make recommendations for improving ERM buy-in within the organisation. After the discussions during Phase 3, executive management made six recommendations, senior management made three, and middle management made four.

Executive management recommended the following:

- Risk management must be formally included in each senior manager's performance agreement;
- senior and middle management should champion risk management within the organisation;
- ERM should be integrated with strategic planning of the organisation;
- the risk management portfolio should be capacitated with resources that are adequately trained in ERM;
- in order to demonstrate senior management support for ERM, ERM must be integrated in decision-making, strategy setting, and all processes, practices and management decisions. The risk management office must lead this process; and
- ERM must be included in change management initiatives.

Senior management recommended the following:

- Improve risk management communication by establishing fora, online communication systems and print media for risk communications and discussions;

- improve reporting on risks; and
- include ERM on the agendas of the Director-General's meetings and the Audit Committee.

Middle management recommended the following:

- Appoint dedicated and appropriately skilled human resources for risk management;
- establish training and mentoring programmes for risk management; and
- there must be buy-in from management demonstrated through the integration of ERM in all decision-making, strategy setting, and all processes and practices.

6 Conclusion

Over the past two decades, the government of South Africa has recognised the importance of having a strong public sector to support economic development for the country. ERM is important for a strong public sector.

The present research shows that there are significant issues impacting on ERM buy-in within a South African public sector organisation, however, it provides recommendations for improving ERM buy-in, and draws conclusions from the discussion that may be useful for ERM implementation in other governmental organisations.

This exploratory study can be used as a base for future research on the issues that impede ERM buy-in in government organisations.

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REFLECTION

The main objective of the research project was to assist the South African government organisation studied to improve the internal level of buy-in for ERM, thereby raising its potential for improvement in business performance. During the research, interviews were held with a selected group of middle, senior and executive managers. Thereafter, a questionnaire was prepared, using the information sourced from the interviews. It was distributed to the entire sample group of 67 managers and all 67 of them completed the questionnaire. The data was captured on an Excel spreadsheet and analysed to determine the issues impacting buy-in for ERM within the organisation.

8 Lessons learned

The research project proved to be more intense than anticipated. The project was both frustrating at times and extremely enjoyable. The more enjoyable experience was being able to interact with the middle, senior and executive managers and learn about their views relating to issues impacting on ERM buy-in within the organisation.

Developing the background, research objective, specific objectives and research questions was a painstaking experience, but taught me to think strategically, keeping in mind always that this forms the basis of the entire research project.

Using the management models helped me reason and quickly identify key management issues. I used this to engage the sample population and in other situations, like management meetings. I learned how to extract the relevant and critical issues from the interviews and use them to highlight issues impacting on ERM buy-in. This has broadened my understanding of the issues that impede ERM buy-in within my organisation and helped me identify ways to improve buy-in for ERM.

This research project taught me to focus, in order to develop a report with sound reasoning, using actual data collected, always maintaining the theme (the golden thread). The literature review chapter taught me the value of reading and incorporating in the research project the opinions, research, writings and presentations of the gurus in the field. This added richness to the research and allowed me to consider valuable points that might otherwise have been taken too lightly or even omitted altogether.

The methodology phase created a great learning experience, beginning to understand and choose the most appropriate research paradigms and methodology for the project. Learning about the different types of data, techniques for data analysis, the importance of acknowledging

limitations, validity, reliability, ethical issues and confidentiality provided a wealth of practical knowledge.

I learned how to develop and analyse the results of questionnaires. The art of developing a questionnaire, keeping in mind the objective, as well as ethical and confidentiality issues, is now embedded in me and will definitely be of value in the future.

Writing up the results, discussions, conclusions and recommendations after the data analysis was exciting and a truly fulfilling experience because the months of hard work finally came to fruition. Being able to maintain the theme into conclusions and recommendations has made me realise how invaluable this experience has been.

I have learned to think strategically, reason and present reports in a more structured and professional manner. I have learned to think and analyse situations differently, always keeping the main objective at the heart of the outcome.

The downside is that management meetings become a place of frustration because certain decisions, reasoning and discussions leave me asking, "How on earth did you come to that conclusion?" because my own reasoning produces differing results and suggests vastly differing methods.

9 Conclusion

In this chapter, I described my learning experience. I admit that it was sometimes daunting and the temptation to quit presented itself now and then. I am now glad that I endured to the end and can proudly present this research project. This has been a truly wonderful learning experience and it is one that will stay with me forever.

APPENDICES

APPENDIX A. THE WRITING GUIDELINES OF THE SELECTED JOURNAL

EDITORIAL POLICY AND MANUSCRIPT SPECIFICATIONS

1. The *Journal of Public Administration* is a quarterly journal issued on behalf of the South African Association of Public Administration and Management (SAAPAM).
2. The purpose of the *Journal* is to further the understanding of the theory and practice of Public Administration and Management by publishing articles of interest to practitioners and scholars in English.
3. The *Journal* publishes peer-reviewed articles, review articles, case studies, exemplar profiles, viewpoints and research results from practitioners of all grades and professions, academics and other specialists on the broad spectrum of administrative concerns regarding local, provincial, national, and international affairs.
4. All manuscripts are circulated anonymously to specialist referees for evaluation. Reports from referees may be made available to authors but the names of the referees will be withheld. On the basis of the referees' reports, content and other deficiencies, the Editor reserves the right to make minor alterations or to reject any manuscript.
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8. Opinions expressed in the *Journal* are, however, those of the individual authors, and are not necessarily subscribed to by the Editor, Editorial Committee or the Editorial Board.
9. Authors are required to pay a fee of R300-00 per page for any article or research results printed in the *Journal*. Payment is due on receiving confirmation from the Editor that a contribution is to be published in a particular issue of the *Journal*. Authors should consult their respective faculties or employer to establish the responsibility for the payment. An article will only be published once payment has been received. Payment should be made directly to the *Journal of Public Administration*, but proof of payment must also be submitted to the Editor to avoid any possible delay in the publication of a contribution.
10. Except in special cases where prior permission has been obtained, articles should not exceed 5000 words. Prospective contributors are specifically requested to ensure that the language and technical aspects of their contributions are of high standard. THREE identical copies of manuscript, typed in 1.5 line spacing, 12pt Times New Roman should be submitted. A disk should also be submitted. Each manuscript should be accompanied by an English abstract of up to 200 words. Since manuscripts are circulated anonymously for evaluation, the name and affiliation of the author(s) should appear on the separate page. If the manuscript is accepted, a computer disk with the text, preferably in MS Word or WordPerfect must be sent to the Editor. Only the Harvard style will be accepted for references.
11. All manuscripts must be accompanied by a covering letter in which the author(s) state(s) that the manuscript has not been submitted or will not be submitted or published or is not being published elsewhere in any form unless rejected by the Editor of the *Journal of Public Administration*.

APPENDIX B. THE RESEARCH INTERVIEW AND QUESTIONNAIRES

FACULTY OF ECONOMIC SCIENCES AND IT



Research questionnaire

Issues with enterprise risk management buy-in:
a South African governmental case study



It all starts here™



#	Research objectives	Research questions
1. Interview	To understand the issues that impact on buy-in for ERM within the National Water Resources Infrastructure Organisation	Indicate the management level: In your view, what are the issues that impacts on ERM buy-in within the organisation?
2. Questionnaire	To determine whether there is synergy between the views expressed by the different levels within the organisation	Indicate the management level: How would you rank the following issues, in terms of their impact on ERM buy-in?

I

It all starts here™

Dear Participant,

You are invited to participate in an academic research study conducted by the Centre for Applied Risk Management (UARM), North West University Vaal Triangle Campus. (<http://www.nwu.ac.za/uarm/home>). The researcher is studying toward a **Master in Commerce: Banking and Financial Risk Management student** qualification.

The goal of this study is to improve the implementation of enterprise risk management (ERM) through an understanding of issues that impact on the buy-in for ERM. For ERM to be effective and assist in protecting and creating value for the shareholders and the organisation, there must be buy-in at all levels of the organisation. Presently, there are issues that limit the buy-in of ERM within the organisation. The study focuses on two objectives, namely;

- To understand the issues that impact on buy-in for ERM
- To determine whether there is synergy between the views expressed by the different levels within the business

The aim of the questionnaire is to obtain information relating to the two objectives. The data will be analysed to determine how the business can improve buy-in to enable the effective implementation of enterprise risk management (ERM) and use ERM as a business enabler to achieve its strategic and service delivery objectives. Your participation in the process is appreciated.

Please note that:

1. This is an anonymous questionnaire. The answers you give will be treated as strictly confidential.
2. The data will be analysed and only reported in aggregated format.
3. The general results of the study may be published in an academic journal.
4. Please answer the questions as completely and honestly as possible.
5. It should take you less than 10 minutes to complete the whole questionnaire.
6. Please answer all the questions.
7. Only complete the questionnaire once.

A questionnaire will be delivered to your office. The questionnaire is short and only requires that you rank the issues that have been identified.

Thank you for agreeing to participate in this process.

Vaneshree Pillay
0828095919

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Questionnaire

Date: _____

Level of current role:

Executive management

Senior management

Middle Management

Current role:

Risk management

Financial management

Business management

Please rank the following issues from 1 to 7, with 1 being the highest impact on ERM buy-in and 7 being the lowest impact. Write your ranking in the box next to the issue.

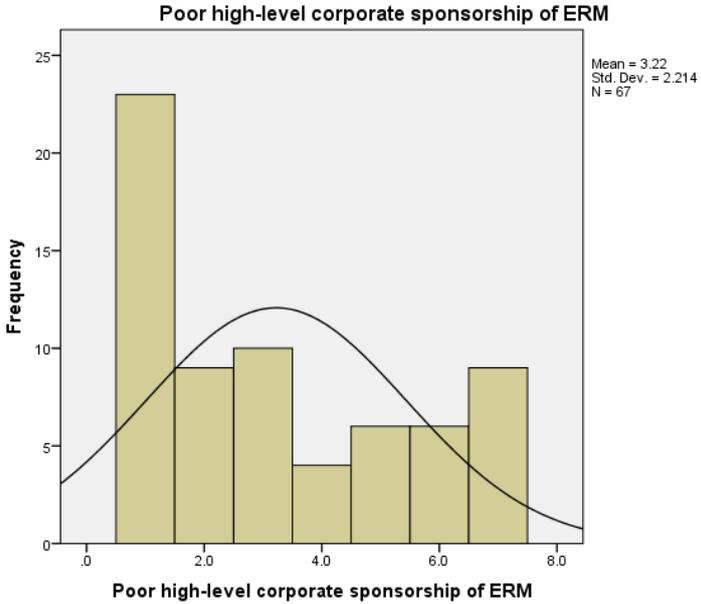
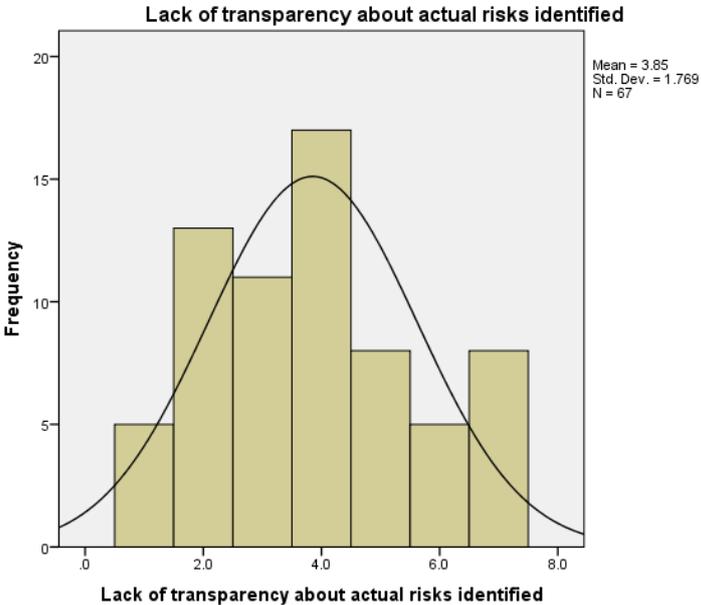
- Poor high-level corporate sponsorship of ERM
- Lack of transparency about actual risks identified
- ERM not integrated into strategic planning and the business (silo approach to managing risks)
- Inadequate capacity to manage the risks identified (increased workload)
- Insufficient training on ERM (ERM processes are not well understood by users)
- Inadequate communication of ERM
- Resistance to change in the organisation

Comments:

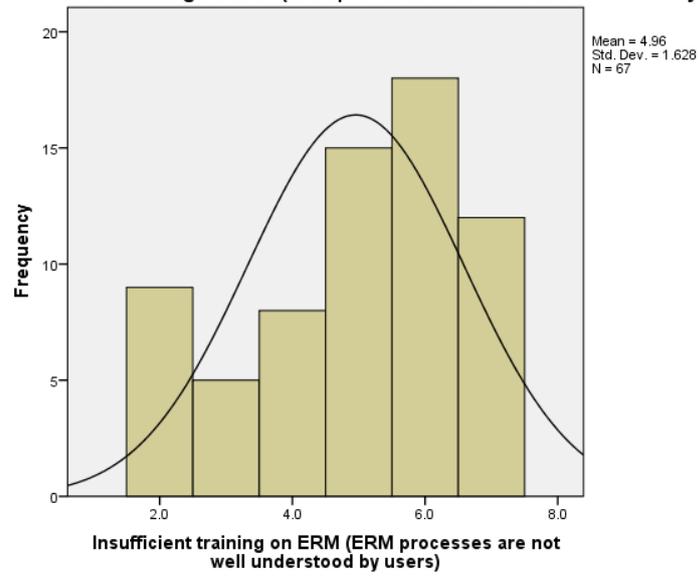
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APPENDIX C. 7 GRAPHS OF THE HISTOGRAMS PER ISSUE



Insufficient training on ERM (ERM processes are not well understood by users)



ERM not integrated into strategic planning and the business (silo approach to managing risks)

