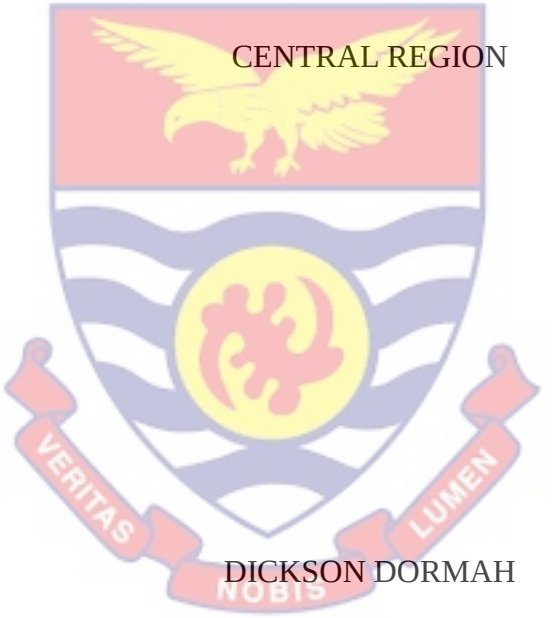
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RISK MANAGEMENT, ORGANISATIONAL RESILIENCE, AND FINANCIAL PERFORMANCE OF SMALL BUSINESSES IN THE CENTRAL REGION



DICKSON DORMAH

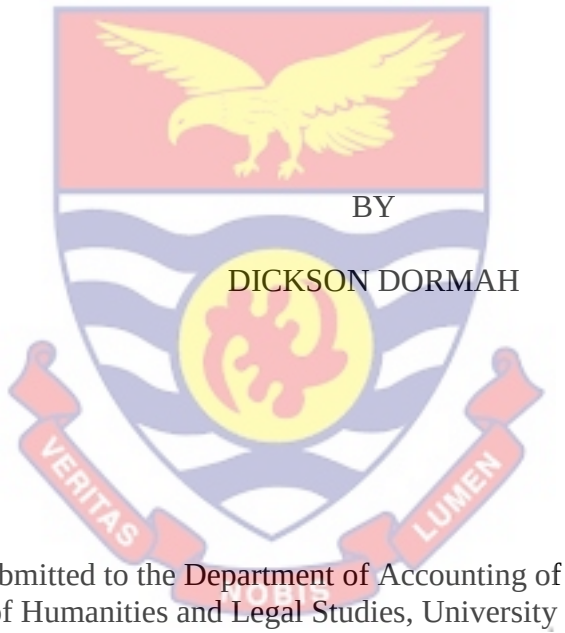
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RISK MANAGEMENT, ORGANISATIONAL RESILIENCE AND FINANCIAL PERFORMANCE OF SMALL BUSINESSES IN THE CENTRAL REGION



BY

DICKSON DORMAH

Thesis submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Commerce degree in accounting

NOVEMBER, 2025

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DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: ..... Date: 20/11/2025

Name: Dickson Dormah

Supervisor's Declaration

I hereby declare that the preparation and presentation of this thesis were supervised in accordance with the guidelines on supervision of theses laid down by the University of Cape Coast.

Supervisor's Signature: ..... Date: 20/11/2025

Name: Dr. Cornelius Adorm-Takyi

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ABSTRACT

The study examined the relationship between risk management, organisational resilience, and financial performance of small businesses in the Central Region. It specifically aimed to assess the influence of risk management on financial performance and to examine the mediating role of organisational resilience in this relationship. A post-positivist paradigm with a quantitative approach was adopted. The explanatory research design was used to examine the cause-and-effect relationship between the variables, and a cross-sectional survey design was employed to collect data from 270 owners of registered small businesses through stratified random sampling. A structured questionnaire was used to collect numerical data on a 5-point Likert scale. The study employed SMART PLS software for data analysis and specifically used PLS-SEM as the analytical technique for research objectives one and two. The results showed that both risk management and organisational resilience significantly enhance financial performance. Moreover, resilience partially mediates the relationship between risk management and financial performance, suggesting that resilient firms better translate risk strategies into strong financial outcomes. The study concludes that effective risk management and resilience systems are essential for sustaining growth and stability in uncertain environments. It recommends that policymakers and support agencies provide training and resources to strengthen these capabilities, while business owners should enhance risk governance, adaptive planning, and innovation. Future studies should adopt longitudinal and comparative approaches to deepen insights and inform practical interventions.

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KEY WORDS

Risk Management

Financial Performance

Organisational Resilience

Small Businesses

Central Region

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DEDICATION

To my mother Pastor Patience Asem, my brother Nicholas Dormah and Dr. Richard Kpankpari.

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LIST OF ACRONYMS

RM	Risk Management
FP	Financial Performance
OR	Organisational Resilience
SEM PLS	Structural Equation Model Partial Least Square
RBV	Resource Based View Theory
DCT	Dynamic Capabilities Theory
OECD	Organisation for Economic and Co-operation and Development
IFC	International Finance Corporation
ROI	Return on Investment
ILO	International Labour Organisation
GDP	Gross Domestic Product growth
UNCTAD	United Nations Conference on Trade and Development
AfDB	African Development Bank
GSS	Ghana Statistical Service
GEA	Ghana Enterprise Agency
TUC	Trade Union Congress
MASLOC	Microfinance and Small Loans Center
SME	Small Medium Enterprise
ERM	Enterprise risk management
SDG	Sustainable Development Goals
SWOT	Strengths, Weaknesses, Opportunities, Threats.

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CHAPTER ONE

INTRODUCTION

Overview

Small businesses are vital to Ghana's socio-economic development, especially in the Central Region, where they drive employment, income, and local growth (Ackah & Boadu, 2025). Despite their importance, they face financial uncertainty, limited capital, and frequent disruptions, making their performance unstable (Iddrisu et al., 2025). Effective risk management and strong organisational resilience are crucial for helping these businesses withstand challenges and improve financial results (Asamoah & Ansong, 2025). This study shows how risk management and resilience influence the financial performance of small businesses in the Central Region, aiming to understand their role in business sustainability and profitability (Marfo et al., 2025).

Background to the study

Financial performance is crucial for business survival and growth as it supports informed decision-making, attracts investors and lenders, and ensures long-term sustainability by enabling reinvestment and resilience in competitive environments (Agyapong et al., 2025). It refers to how well a business achieves its financial objectives, typically measured by indicators such as profitability, Return on Investment (ROI), and operational efficiency (Yakubu & Tornyeva, 2025). It reflects how effectively a company uses its resources to generate income and assess its overall health (Danso et al., 2024). However, financial performance remains particularly volatile among small businesses in developing economies where structural constraints, institutional

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weaknesses, and limited access to finance impede profitability and sustainability (Ackah & Boadu, 2025).

Globally, small businesses play a vital role in promoting inclusive growth, reducing poverty, and creating employment (Laryea et al., 2025). They account for about 90 percent of enterprises and over 50 percent of employment worldwide, making them central to both developed and emerging economies (World Bank, 2023). Despite their critical role, many small businesses experience low or fluctuating financial performance due to poor risk management, weak financial planning, and limited adaptive capacity (OECD, 2022). Recent empirical evidence from developing economies such as Nigeria, South Africa, and Indonesia confirms that inadequate financial discipline and risk governance are persistent barriers to profitability (Okorie et al., 2024; Molefe & Ncube, 2023; Alshehhi et al., 2024).

In Africa, small businesses contribute significantly to GDP and employment but often underperform financially due to weak management systems and institutional gaps (AfDB, 2022). The United Nations Conference on Trade and Development (UNCTAD, 2023) estimates that over 70 percent of African SMEs face financial distress linked to insufficient risk anticipation and resilience strategies (Sackey et al., 2025). Studies by Adeniran and Aremu (2024) in Nigeria and Molefe and Ncube (2023) in South Africa further reveal that limited digital adoption and inadequate contingency planning reduce competitiveness, highlighting the need for stronger risk and resilience mechanisms.

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In Ghana, small businesses form about 92 percent of all enterprises, contributing roughly 70 percent to GDP and employing over 80 percent of the labour force (GSS, 2021). Yet, many experience stagnant performance, with more than 60 percent failing to meet annual targets due to poor record-keeping, inconsistent cash flows, and operational risks such as theft, fire, and supplier defaults (Otibo-Addo, 2021). Although interventions such as the YouStart and MASLOC initiatives seek to improve access to capital, their long-term effectiveness is constrained by weak risk governance and limited managerial capacity (Afrane, 2024; Essel, 2025).

Risk management is the systematic process of identifying, assessing, and controlling threats that may negatively affect operations, assets, or strategic goals (Asiedu et al., 2024). It enhances decision-making, ensures compliance, and reduces losses, which directly strengthen financial performance (Adutwum et al., 2025). Empirical findings in Ghana demonstrate that structured risk management systems lead to superior financial outcomes (Agyapong et al., 2018; Abor & Quartey, 2019). However, some studies such as Mensah and Ofori (2023) have found mixed results, noting that while risk identification improves performance, excessive formalisation may hinder flexibility in small enterprises, suggesting methodological variability across contexts.

Accounting also plays a central role in this process as it generates reliable financial information needed for identifying risks, evaluating performance, and making strategic decisions (Zotorvie et al., 2025). Nonetheless, weak accounting practices and poor data utilisation continue to undermine risk management effectiveness and financial resilience among

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small enterprises (Cobbinah et al., 2024). Some researchers, including Akonnor and Krah (2025), argue that the issue is less about the absence of accounting systems and more about their underuse in predictive and adaptive decision-making.

Organisational resilience, defined as the ability of a business to anticipate, adapt to, and recover from disruptions, serves as a crucial performance enhancer (Opoku, 2025). It enables business continuity, fosters innovation, and strengthens stakeholder confidence (Ankomah et al., 2025). Recent cross-country studies in Kenya, Bangladesh, and Vietnam have highlighted that resilience capabilities, especially adaptability and sustainability, significantly improve post-crisis recovery and profitability among SMEs (Mwangi et al., 2024; Rahman et al., 2024; Le & Nguyen, 2023). In Ghana, similar findings show that resilience enhances financial performance by promoting innovation, efficiency, and long-term stability (Adenutsi & Whajah, 2023; Damoah, 2025).

The Resource-Based View (RBV) theory posits that valuable internal capabilities such as risk management and resilience drive competitive advantage and superior financial outcomes (Opuni Frimpong, 2025). However, the Dynamic Capabilities (DC) theory expands this perspective by emphasising how firms sense, seize, and transform resources to adapt to changing environments (Marfo et al., 2025). Theoretical comparison suggests that while RBV provides a static understanding of resource value, DC offers a more dynamic explanation of how resilience converts risk insights into adaptive strategies, particularly relevant in volatile developing economies.

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Organisational resilience thus acts as a mediator between risk management and financial performance (Opoku et al., 2025). Risk management improves preparedness, while resilience ensures adaptability during disruption (Obiri Yeboah et al., 2025). Nevertheless, empirical findings remain fragmented. Some studies report strong mediation effects (Damoah, 2025), whereas others find weaker associations, possibly due to contextual or methodological limitations (Wormenor & Asibey, 2025). This inconsistency underscores the need for further region-specific investigation.

In the Central Region of Ghana, dominated by informal and family-owned enterprises, resilience and risk management capacity remain limited, contributing to lower profitability compared to other regions (GSS, 2022). A thematic synthesis of evidence indicates that financial performance challenges in this region are rooted more in weak risk culture and adaptability than in access to finance alone (TUC, 2023). Hence, understanding how risk management practices interact with organisational resilience to shape financial performance is vital.

Despite existing literature on risk management and resilience, no published study has explicitly examined how organisational resilience mediates the relationship between risk management and financial performance among small businesses in Ghana's Central Region. This study, therefore, seeks to address this empirical gap by analysing the mediating role of organisational resilience in enhancing the financial performance of small businesses in the Central Region.

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Statement of the problem

Financial performance is a fundamental determinant of business sustainability, growth, and long-term competitiveness (Adenutsi et al., 2025). For small businesses, especially in developing countries, strong financial performance is essential not only for survival but also for job creation, income generation, and national economic development (Amponsah et al., 2025). In Ghana, small businesses account for over 90 percent of all registered enterprises and contribute approximately 70 percent of the Gross Domestic Product (GSS, 2021). These businesses also serve as a key source of employment, providing jobs for more than 80 percent of the working population (GSS, 2022). Financially successful small businesses are better positioned to expand, innovate, and support broader macroeconomic objectives such as poverty reduction and industrialisation (World Bank, 2023).

Despite their vital contribution, there has been growing concern about the declining financial performance of many small businesses in Ghana, particularly in the Central Region (Brimah & Ofei, 2025). Most of these enterprises continue to struggle to meet annual financial targets, maintain stable cash flows, and achieve sustainable profitability (Donkor, 2025). The Bank of Ghana (2022) reports that over 65 percent of small businesses operate at break-even levels or worse, with significant fluctuations in income and expenditure. These challenges are largely attributed to poor financial planning, inadequate access to credit, weak internal controls, and high exposure to economic and operational risks (IFC, 2022; Afrane, 2025; Oppong & Agyemang, 2023). A systematic review of recent studies reveals that these constraints are most severe in the Central Region, where weak institutional

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support, limited entrepreneurial training, and infrastructural deficiencies compound the problem (Yakubu & Tornyeva, 2025; Opoku et al., 2025).

The situation has been further worsened by global and local disruptions, including inflationary pressures, exchange rate volatility, high utility costs, and the lingering effects of the COVID-19 pandemic (Mensah & Adukpo, 2025). Small businesses in the Central Region, particularly those engaged in trade, hospitality, artisanal services, and agro-processing, often lack the systems and capacities to respond effectively to these challenges (Oppong and Agyemang, 2023). This region's economic structure, characterized by informal trading networks, limited financial literacy, and dependency on seasonal markets, makes it especially vulnerable to risk-related shocks and performance volatility (Boafo et al., 2025; Anipa et al., 2025). As a result, many have experienced significant revenue losses, business closures, and layoffs, contributing to economic instability in the region (Boafo et al., 2025).

The consequences of weak financial performance extend beyond individual businesses. Employees face job insecurity and income reductions (ILO, 2021), investors are discouraged by declining returns and increased financial risks (OECD, 2022), and government revenue is constrained due to reduced tax contributions from struggling enterprises (UNCTAD, 2023; IMF, 2022). These outcomes undermine national development goals and highlight the urgent need for strategies that enhance the financial sustainability of small businesses (World Bank, 2023). Yet, existing interventions often emphasize credit provision or training without addressing how internal firm-level

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capabilities such as accounting reliability, risk management systems, and organisational resilience jointly shape financial outcomes.

A major factor underlying this challenge is the weak integration of effective accounting systems, risk management practices, and organisational resilience mechanisms (Osei-Dwomoh et al., 2025). Accounting plays a crucial role in supporting financial performance by providing accurate, timely, and reliable information for identifying, assessing, and mitigating risks (Bosomtwe et al., 2025). Through sound record-keeping, financial reporting, and performance analysis, accounting enables small businesses to make informed decisions, manage budgets, and plan strategically for growth and resilience (Boateng et al., 2024). However, many small businesses in the Central Region lack strong accounting systems and rely on informal record-keeping practices that hinder effective financial management (Afrane, 2025).

This deficiency limits their ability to detect early financial risks, evaluate performance accurately, and adapt to changing market conditions. Consequently, poor utilisation of accounting information weakens risk management and resilience capabilities, further undermining financial performance. Empirical findings from other developing economies such as Nigeria (Okoye et al., 2024) and South Africa (Mokoena & Dlamini, 2025) confirm similar patterns, suggesting that integrating accounting data into risk management processes significantly enhances resilience and performance. However, evidence from Ghana's Central Region remains limited and fragmented, reinforcing the need for localized inquiry.

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Although prior studies (Obiri-Yeboah et al., 2025; Asamoah and Ansong, 2025; Opuni-Frimpong, 2025; Owusu-Ansah et al., 2024; Sackey et al., 2025) have explored determinants of financial performance such as access to finance, tax policies, and managerial competencies, limited empirical research has examined how internal capabilities, specifically risk management, organisational resilience, and accounting practices, interact to influence financial outcomes in small businesses. A review matrix of the extant literature reveals three critical gaps: (1) limited focus on the interplay between accounting, risk management, and resilience; (2) insufficient quantitative testing of these relationships in developing contexts; and (3) an absence of region-specific analyses addressing the Central Region's structural vulnerabilities. While effective risk management helps reduce operational losses (Abaidoo & Agyapong, 2024) and resilience enables firms to adapt and recover from disruptions (Opoku et al., 2025), little is known about how these capabilities, when supported by reliable accounting systems, jointly enhance financial performance in the Central Region (Osei, 2025; Oppong and Agyemang, 2023; Afrane, 2024; Essel, 2025; Danso et al., 2024).

Furthermore, most existing studies (Yakubu & Tornyeva, 2025; Agyapong et al., 2025; Ackah & Boadu, 2025; Agyei et al., 2025; Annor et al., 2025; Marfo et al., 2025; Iddrisu et al., 2025; Awuni et al., 2025) have relied on qualitative analyses, offering limited quantitative evidence to guide policy and practice. Given the high levels of informality, weak accounting practices, infrastructural deficits, and market volatility characterizing the Central Region, a deeper understanding of how small businesses employ accounting information to strengthen risk management and resilience is critical for

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improving financial performance (Opoku et al., 2025). Quantitative evidence specifically linking these constructs in the Central Region is virtually absent, representing a significant empirical void.

Despite numerous policy interventions and donor-supported programs aimed at promoting small business growth, financial underperformance persists (Brimah & Ofei, 2025). This situation underscores the urgent need to examine how risk management, organisational resilience, and accounting practices collectively shape the financial performance of small businesses in Ghana, particularly in the Central Region (Anipa et al., 2025). Therefore, this study addresses this gap by systematically analysing the direct influence of risk management on financial performance, the mediating role of organisational resilience, and the supportive contribution of accounting systems. Specifically, what remains unknown is how these internal mechanisms jointly interact to influence the financial outcomes of small businesses within the unique economic and institutional context of the Central Region.

Purpose of the Study

The study aims to investigate how organisational resilience mediates the relationship between risk management and financial performance among small businesses in the Central Region

Research Objectives

Specifically, the study sought to:

1. assess the effect of risk management on the financial performance of small businesses in the Central Region.

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2. examine the mediating effect of organisational resilience on risk management and the financial performance of businesses in the Central Region.

Research Hypotheses

Research objectives one and two were hypothesized as:

H_{1A}: There is a significant positive relationship between risk identification and financial performance.

H_{1B}: There is a significant positive relationship between risk assessment and financial performance.

H1C: There is a significant positive relationship between risk mitigation and financial performance.

H1D: There is a significant positive relationship between risk implementation and financial performance.

H2A: Adaptability has significant positive relationship between risk identification and financial performance.

H2B: Adaptability has significant positive relationship between risk assessment and financial performance

H2C: Adaptability has significant positive relationship between risk mitigation and financial performance

H2D: Adaptability has significant positive relationship between risk implementation and financial performance

H3A: Sustainability has significant positive relationship between risk identification and financial performance.

H3B: Sustainability has significant positive relationship between risk assessment and financial performance

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H3C: Sustainability has significant positive relationship between risk mitigation and financial performance

H3D: Sustainability has significant positive relationship between risk implementation and financial performance

Significance of the Study

First, the study will expand knowledge on risk management and organizational resilience, adding empirical and contextual insights into how these factors affect the financial performance of small businesses. It will deepen understanding of how small enterprises in developing economies anticipate, absorb, and recover from shocks, and offer a conceptual framework for future research. Practically, small business owners in the Central Region of Ghana will gain practical strategies for risk management, supporting SDG 8 (Decent Work and Economic Growth) and SDG 1 (No Poverty).

Secondly, the study will develop a holistic framework for small business performance improvement by integrating risk management and resilience as key determinants of financial success—an area often overlooked in existing models. This will guide entrepreneurs in strategic planning and problem-solving, aligning with SDG 9 (Industry, Innovation, and Infrastructure) and SDG 11 (Sustainable Cities and Communities) by promoting resilient, competitive businesses.

Thirdly, the study addresses a research gap by focusing on small businesses in Ghana, where limited studies exist. It will provide localized insights for academics, policymakers, and educators, and help design training programs tailored to small businesses' realities. This supports SDG 17 (Partnerships for the Goals) and further contributes to SDG 1 and SDG 8.

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Fourth, the study will strengthen decision-making and adaptability by enriching theories on risk perception, adaptive capacity, and strategic response. Practically, it will equip business owners with tools for data-driven decisions, risk forecasting, and contingency planning, promoting agility and survival. This contributes to SDG 8, SDG 9, and SDG 11.

Finally, the study will inform policies and business support programs by providing evidence for targeted interventions that enhance resilience and performance. It will guide policymakers and support agencies to design relevant capacity-building and financial products, promoting inclusive, data-driven policy-making. This aligns with SDG 17 and SDG 8 by creating supportive environments for small businesses to grow.

Delimitations

The study involves a sample of 270 registered small businesses within the Central Region of Ghana, as recorded by the Ghana Statistical Service (GSS). This sample size is suitable for quantitative research, enabling statistical analysis and generalisation within similar business settings. Medium and large enterprises are excluded to focus solely on small-scale businesses whose risk management and resilience practices are often less developed. The sample includes male and female owners and managers from various sectors such as retail, agro processing, hospitality, transport, and services, covering both urban and peri-urban settings for diverse operational contexts. Informal businesses not registered with the GSS and those in remote rural areas are excluded due to difficulties in obtaining reliable data.

Geographically, the study is limited to selected districts and municipalities in the Central Region, specifically commercial hubs like Cape

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Coast, Mankessim, and Elmina chosen for their high concentration of registered small businesses and accessibility for data collection. Small businesses in other regions are not included, so findings may not be generalizable beyond the Central Region. The study focuses exclusively on three variables: risk management (independent), organizational resilience (mediator), and financial performance (dependent). Other variables, such as marketing strategies or leadership styles, are excluded as they fall outside the research framework.

The study is theoretically anchored in the Resource-Based View (RBV) and Dynamic Capabilities (DC) theories, emphasizing how internal capabilities, risk management and resilience, drive business performance. Alternative theories, like institutional or systems theory, are not applied as they do not align with this focus. Overall, these delimitations ensure a focused, quantitative investigation of how risk management and organizational resilience impact financial performance among registered small businesses in the Central Region of Ghana.

Limitations

One key limitation concerns situational characteristics, particularly the study's geographical scope. The research is limited to small businesses in the Central Region of Ghana, specifically Cape Coast, Mankessim, and Elmina. Although these areas cover a large portion of the region's small businesses, the findings may not fully apply to businesses in other parts of Ghana or different economic contexts. Regional economic policies, infrastructure, and socio-cultural factors may also limit the broader applicability of the results.

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Another limitation relates to the timing of the study. The research is conducted within a specific period, which could affect how relevant its findings remain over time. Changing economic conditions, policy reforms, or global events like pandemics can influence small business performance, while risk management and resilience strategies may evolve with market shifts. Seasonal trends, industry cycles, and macroeconomic conditions, which can shape business responses, are not explicitly covered.

The study is also limited by its reliance on self-reported data from small business owners and managers, which may introduce response bias. Participants might give socially desirable answers or overestimate their risk management and resilience levels. Due to time and resource constraints, not all small businesses are included, which may limit the diversity of views. Some owners may also be unwilling to disclose sensitive financial or operational information, affecting data accuracy and depth.

A further limitation concerns the variables studied. The research focuses only on risk management effectiveness, organizational resilience, and financial performance, but financial performance is also influenced by other factors like macroeconomic policies, competition, financing, and technology, which are outside the study's scope. Additionally, the complex nature of resilience and risk management may not be fully captured by the selected measures, and it may be challenging to establish clear causality between risk management and financial performance due to other underlying factors.

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Definition of Terms

Risk management: is the systematic process of identifying, assessing, and mitigating potential threats that may negatively affect an organisation's operations or objectives.

Organisational resilience: refers to a small business ability to anticipate, prepare for, respond to, and adapt to incremental changes and sudden disruptions to survive and thrive in dynamic environments.

Financial performance: measures how effectively a business uses its resources to achieve financial objectives. It is typically assessed using indicators such as profitability, return on investment (ROI), liquidity, and operational efficiency

Small business: is an enterprise employing between 1 and 6 people, with fixed assets exceeding GHS 150,000 according to the Ghana Enterprise Agency (GEA).

Organisation of the Study

This section outlines the contents of each chapter. Chapter One introduces the study, covering the background, problem statement, research objectives and hypotheses, significance, delimitations, limitations, and the overall organization of the study. Chapter Two reviews relevant literature, including theoretical, conceptual, and empirical aspects. The theoretical review focuses on the resource-based view theory and the dynamic capabilities theory. The conceptual review explains key concepts, while the empirical review discusses related studies and findings by other scholars. Chapter Three describes the research methods, covering the research philosophy, approach, design, study area, population, sample size, sampling procedure, data

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collection process, instruments, pre-testing, validity and reliability, data processing and analysis, and ethical considerations. Chapter Four presents the collected data, its interpretation, and its contribution to the study. Chapter Five provides the summary, discusses the research questions, methods, and key findings, and presents the conclusions, recommendations, and suggestions for further research. References and appendices appear at the end.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

This section reviews existing literature to draw on the current knowledge base and inform the study. Through a systematic examination, it seeks to strengthen the risk management practices of managers and owners to enhance small business performance in the Central Region. The review is organised into three main sections: theoretical, conceptual, and empirical.

Theoretical Review

A theoretical view explains the main ideas and theories that guide a study's focus and interpretation of results (Stewart & Klein, 2016). This study applies the Resource-Based View and Dynamic Capabilities Theory to show how internal capabilities like risk management and resilience drive better financial performance for small businesses.

Resource-Based View

The Resource-Based View (RBV) theory, first introduced by Wernerfelt (1984) and later developed by Barney (1991), posits that a firm's internal resources and capabilities are the principal drivers of its competitive advantage and long-term performance. According to Barney, firms achieve superior performance when they possess and effectively utilise resources that are valuable, rare, inimitable, and non-substitutable (VRIN). These resources can include tangible assets such as financial capital and intangible ones such as knowledge, culture, and leadership. The RBV framework thus provides a robust foundation for understanding how firms build sustained advantages

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through the strategic development of internal competencies rather than reliance solely on external market conditions.

In the context of small businesses, the RBV suggests that firms with well-developed internal capabilities, particularly effective risk management systems, strong organisational resilience, and sound financial structures, are better positioned to outperform competitors in dynamic environments. Risk management functions as a strategic internal capability that aligns directly with the RBV's emphasis on resource deployment to counter external uncertainties. Small firms that can identify, assess, and respond to potential risks strengthen their adaptive capacity, protect assets, and maintain financial stability. Consequently, risk management becomes a valuable and inimitable resource that enhances long-term viability and promotes sustainable financial outcomes.

Organisational resilience equally fits within the RBV framework as it represents a capability derived from unique and intangible resources such as leadership quality, organisational culture, employee commitment, and learning systems. These resources are socially complex and path-dependent, making them difficult for competitors to replicate. A resilient organisation can anticipate, absorb, and recover from shocks while maintaining essential functions. Within the RBV logic, resilience thus acts as a strategic mediator between risk management and financial performance, translating internal resource deployment into adaptive strength and improved profitability. This theoretical linkage underpins the current study's proposition that risk management positively influences financial performance through the

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mediating mechanism of organisational resilience among small businesses in Ghana's Central Region.

However, while the RBV offers valuable insights, it is not without limitations. One major criticism is its tendency to treat resources as static rather than dynamic, underestimating the influence of external environmental turbulence (Kraaijenbrink et al., 2010). In rapidly changing markets, competitive advantage depends not only on the possession of valuable resources but also on the ability to continuously renew and reconfigure them. The RBV has also been critiqued for its limited attention to the social and institutional contexts that shape resource value, which can be particularly relevant in developing economies like Ghana where regulatory uncertainty, financing constraints, and informal business practices prevail.

To address these limitations, the Dynamic Capabilities (DC) perspective extends the RBV by emphasising the firm's ability to sense opportunities and threats, seize them through timely action, and reconfigure resources to sustain competitiveness (Teece et al., 1997). In the context of this study, integrating DC theory helps explain how small businesses in Ghana adapt risk management and resilience practices in response to shifting market and environmental conditions. Similarly, the Contingency Theory provides complementary insight by suggesting that the effectiveness of risk management and resilience strategies depends on contextual factors such as firm size, industry characteristics, and environmental volatility. These theoretical interactions indicate that while RBV provides a foundational understanding of internal capabilities, it must be supplemented with perspectives that account for environmental and situational variability.

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In comparing RBV with other potential frameworks, the Stakeholder Theory focuses on balancing the interests of various stakeholders to achieve sustainable performance. While valuable for understanding corporate social responsibility and ethical governance, it offers less explanatory power for internal resource utilisation, a central concern of this study. The Agency Theory, on the other hand, emphasises managerial behaviour and control mechanisms within principal–agent relationships. Although relevant in explaining governance and decision-making efficiency, it does not fully capture how internal capabilities like resilience or risk management drive long-term performance in resource-constrained small enterprises. The Contingency Theory, while useful in identifying contextual fit, remains descriptive rather than prescriptive and does not specify which internal resources generate advantage. Therefore, the RBV was selected as the primary theoretical lens because it explicitly links internal resources and capabilities, such as risk management and organisational resilience, to financial outcomes, while other theories offer limited predictive scope in this domain.

Nevertheless, these theories can interact or even conflict in explaining organisational outcomes. For instance, while RBV assumes that firms can control and leverage internal resources autonomously, Stakeholder Theory argues that external stakeholder pressures often shape how resources are developed and deployed. Similarly, Contingency Theory suggests that the value of internal capabilities depends on environmental alignment, challenging the RBV's assumption of universal applicability. Such interactions highlight that no single theory wholly explains organisational performance, especially within complex and resource-limited settings.

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The boundary conditions of the RBV are particularly relevant in developing economies such as Ghana's Central Region. Many small businesses lack the formal structures, capital, and institutional support needed to develop and sustain VRIN resources. Weak governance systems, limited access to credit, and high exposure to operational risks constrain the effectiveness of internal capabilities. In such contexts, the RBV's predictive power may diminish unless firms can mobilise community networks, informal learning, and social capital as substitutes for formal resources, factors better explained by Institutional Theory or Social Capital Theory. These complementary frameworks help contextualise how informal resource networks and cultural dynamics shape the formation of resilience and risk management practices in small Ghanaian businesses.

Empirical evidence supports these theoretical linkages. Kamalahmadi and Parast (2016) found that firms investing in resilience capabilities such as flexibility, redundancy, and agility performed better after disruptions, reinforcing the RBV's focus on internal resource configuration. Agyapong et al. (2021) showed that Ghanaian SMEs that effectively mobilised internal entrepreneurial resources achieved superior performance during economic crises. Similarly, Boin and van Eeten (2013) and Pal et al. (2014) demonstrated that resilience is a proactive strategic orientation rooted in internal capabilities, while Smit and Watkins (2012) revealed that South African SMEs leveraged innovation and learning to sustain performance under pressure. Collectively, these studies highlight that internal resources, when strategically aligned, generate resilience that mediates the impact of risk

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management on financial outcomes, a key relationship tested in the present research.

In summary, the RBV provides a robust and contextually relevant theoretical foundation for examining how internal capabilities, particularly risk management and organisational resilience, drive financial performance in small businesses. While alternative theories contribute complementary insights, the RBV uniquely captures the internal resource logic underpinning these relationships. When integrated with the dynamic capabilities and institutional perspectives, the RBV offers a more comprehensive explanation of how small businesses in Ghana's Central Region convert risk management competence into resilient practices that sustain profitability, stability, and long-term growth amid environmental uncertainty.

Dynamic Capabilities Theory

The Dynamic Capabilities Theory, proposed by Teece, Pisano, and Shuen (1997), emphasises a firm's ability to integrate, build, and reconfigure internal and external competencies in response to rapidly changing environments. The theory asserts that competitive advantage in volatile markets depends not merely on possessing valuable resources, as proposed by the Resource-Based View (RBV), but on how effectively an organisation can adapt and redeploy these resources. Dynamic capabilities therefore refer to the organizational processes that allow firms to integrate, reconfigure, acquire, and release resources to match and even create market change (Teece, 2007).

The underlying assumptions of the theory are that markets are constantly evolving, disruptions are inevitable, and firms must continually

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renew their competencies to survive and perform effectively. This requires strategic sensing of opportunities, seizing them through appropriate responses, and reconfiguring business processes to align with both internal shifts and external dynamics. For small businesses, especially in developing economies such as Ghana's Central Region, these capabilities are crucial given the scarcity of resources, institutional instability, and high exposure to operational risks. Within this framework, risk management, organisational resilience, and financial performance emerge as interconnected dimensions of how firms operationalize dynamic capabilities to sustain growth and adaptability.

Risk management can be conceptualized as a dynamic capability when it moves beyond static evaluation to encompass proactive identification, monitoring, and mitigation of threats. Small firms that continuously adjust their risk management frameworks in response to regulatory or market shifts demonstrate the sensing and reconfiguring functions central to dynamic capabilities (Sawalha, 2015). For example, a small enterprise that revises its supply chain strategy in response to global market disruptions exhibits dynamic adaptability in managing risk. Similarly, resilience represents another vital dynamic capability. It involves not only recovery from shocks but also transformation that enhances long-term performance through learning, resource realignment, and strategic reorientation (Duchek, 2020). Hence, organisational resilience functions as a mediating mechanism through which risk management capabilities translate into improved financial performance.

The relationship between dynamic capabilities and financial performance can be understood through their role in enabling firms to align internal resources with external contingencies. Firms that effectively sense and

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seize opportunities while mitigating risks tend to outperform competitors in uncertain environments (Eisenhardt & Martin, 2000). For small enterprises with limited slack resources, dynamic capabilities become indispensable tools for ensuring financial stability and growth. Resilient firms that reconfigure operations swiftly during crises maintain operational continuity, protect stakeholder trust, and achieve sustainable profitability. From this reasoning, the study proposes that risk management positively affects financial performance, and this relationship is mediated by organisational resilience, which reflects the operational expression of dynamic capabilities.

While the Dynamic Capabilities Theory provides valuable insights, it also exposes some limitations inherent in the Resource-Based View. The RBV has been critiqued for being static and inward-looking, often ignoring the role of environmental volatility and external interactions in shaping firm performance (Kraaijenbrink et al., 2010). Dynamic Capabilities Theory addresses this limitation by introducing adaptability and continuous renewal as essential mechanisms for maintaining competitive advantage. However, it remains conceptually abstract and challenging to operationalize empirically, as measuring sensing, seizing, and reconfiguring capabilities in small firms is complex.

In choosing Dynamic Capabilities Theory as a complementary framework to RBV, this study acknowledges the limitations of alternative theories. The Stakeholder Theory focuses on balancing stakeholder interests but provides limited explanation of how internal capabilities translate into performance. The Agency Theory emphasizes governance and control mechanisms within principal-agent relationships but overlooks how firms

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dynamically adapt to environmental uncertainty. The Contingency Theory highlights contextual fit but lacks prescriptive guidance on how firms can develop and reconfigure capabilities. Therefore, Dynamic Capabilities Theory was selected alongside RBV because it captures both the possession and transformation of internal resources, offering a more holistic explanation of how risk management and resilience shape financial performance in dynamic environments.

These theories may interact or even conflict in explaining organizational performance. While RBV assumes that valuable internal resources are sufficient for advantage, Dynamic Capabilities Theory argues that constant renewal is necessary to maintain relevance. Contingency Theory, in contrast, emphasizes that the effectiveness of capabilities depends on environmental alignment, suggesting conditional rather than universal applicability. Stakeholder Theory may further complicate these perspectives by asserting that firms must balance economic and social goals, sometimes constraining resource deployment. Recognizing these theoretical tensions provides a more nuanced understanding of how small firms navigate trade-offs between internal development and external adaptation.

The boundary conditions of Dynamic Capabilities Theory are also important to acknowledge. In highly resource-constrained contexts like Ghana's Central Region, the ability to reconfigure assets may be limited by financial barriers, weak institutional infrastructure, and informal market structures. Under such conditions, dynamic capabilities may not fully yield competitive advantage unless supported by complementary resources such as social capital, community networks, and local partnerships. Thus, theories

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such as Institutional Theory and Social Capital Theory offer valuable contextual extensions by explaining how informal institutions and relational networks influence the effectiveness of dynamic capabilities and resilience-building among small firms.

Empirical evidence supports these theoretical linkages. Lin and Wu (2014) found that firms with strong dynamic capabilities achieved superior innovation and financial outcomes. Wilden, Gudergan, Nielsen, and Lings (2013) confirmed that dynamic capabilities enhance strategic flexibility and responsiveness, driving better performance. In small business contexts, Corner (2009) and Ambrosini and Bowman (2009) demonstrated that adaptive learning and strategic flexibility underpin resilience and risk management effectiveness. Similarly, Agyapong et al. (2021) showed that Ghanaian SMEs that cultivated adaptive and learning-based capabilities were more financially resilient during the COVID-19 pandemic. These findings collectively affirm that dynamic capabilities and organisational resilience function synergistically as mechanisms through which risk management improves financial performance.

In summary, the Dynamic Capabilities Theory offers a dynamic and context-sensitive framework for understanding how small businesses develop resilience and sustain financial performance amid uncertainty. When integrated with the RBV, it provides a comprehensive explanation of how internal resources are both possessed and transformed to generate enduring advantage. By incorporating contextual perspectives such as Institutional and Social Capital theories, this study recognizes the unique constraints and opportunities faced by small businesses in Ghana's Central Region,

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emphasizing that adaptability, resource renewal, and relational strength are essential for achieving financial stability and competitive success.

Conceptual Review

A conceptual review examines and defines key constructs, clarifying their meanings and relationships. This study focuses on risk management, financial performance, and organisational resilience in small businesses in Ghana's Central Region, forming the framework for analysis and interpretation.

Risk management

Risk management is crucial for achieving organisational goals, as it involves systematically identifying, assessing, prioritising, and controlling risks (Ackah & Boadu, 2025). It protects assets, ensures compliance, improves decision-making, and strengthens resilience (Asamoah & Ansong, 2025). By minimizing losses, increasing efficiency, and boosting investor confidence, risk management directly contributes to profitability and long-term success (Cobbinah, et al., 2025). However, many small businesses face difficulties in applying it effectively due to limited expertise, scarce resources, poor data quality, and the absence of structured systems (Mensah et al., 2025).

Beyond protection, strategic risk management provides a competitive edge. The Resource-Based View sees it as a valuable, rare, and hard-to-imitate capability, while the Dynamic Capabilities theory emphasizes its role in enabling organisations to adapt quickly to changing conditions (Arhinful et al., 2025). Its four main components, risk identification, risk assessment, risk mitigation, and risk implementation, work together to help organizations foresee potential threats, take advantage of opportunities, and maintain

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operational stability (Opuni-Frimpong, 2025). This makes risk management a vital driver of sustainable business performance (Boateng et al., 2025).

Risk identification

Risk identification is the systematic process of recognizing and describing potential internal and external threats that could affect an organization's objectives, operations, assets, people, or reputation (Asiedu et al., 2024). It entails scanning the business environment, considering stakeholder interests, and cataloguing possible risk events (Nkansah et al., 2025). As emphasized in ISO 31000, it is the foundation of effective risk management. Its importance lies in enabling early anticipation of threats, prioritization of resources, and development of targeted mitigation strategies, thereby improving preparedness and decision-making (Ackah & Boadu, 2025).

Risk identification influences financial performance by minimizing unforeseen losses, optimising resource allocation, and enabling proactive management (Opoku, 2024). Early detection safeguards revenue streams and operational efficiency. In Ghana's insurance sector, studies show it enhances profitability through accurate premium setting and efficient risk pricing (Asante et al., 2025). However, small businesses often face barriers such as informality, absence of structured scanning systems, and limited human, financial, and technical resources (Agyapong et al., 2025). Weak awareness and inadequate training lead managers to overlook critical risks. In the Sekondi-Takoradi Metropolis, SMEs frequently miss major risks due to poor record-keeping, limited insurance knowledge, and cognitive biases (Iddrisu et al., 2025).

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From the Resource-Based View (RBV), risk identification is a valuable, rare, inimitable, and non-substitutable (VRIN) capability that provides sustainable competitive advantage (Annor et al., 2025). The Dynamic Capabilities (DC) perspective frames it as a sensing capability, enabling detection of environmental shifts and resource reconfiguration in response (Yakubu & Tornyeva, 2025). In sum, risk identification enhances decision-making, reduces losses, and supports profitability. Addressing informality, resource constraints, and weak awareness can maximize its strategic value for Ghanaian businesses.

Risk assessment

Risk assessment is the structured process of evaluating the likelihood and potential impact of identified threats on an organization's operations, assets, people, and objectives (Owusu-Manu et al., 2024). It helps decision-makers prioritize risks, allocate resources effectively, and implement targeted mitigation strategies, safeguarding financial health and sustainability (Adu Gyamfi et al., 2024). Effective risk assessment improves financial performance by enabling proactive resource allocation, reducing unforeseen losses, and guiding strategic investments (Tetteh, 2025).

In Ghana, Agyapong (2021) found that food-processing small businesses assessing risks, such as liquidity, credit, technological, and market risks, achieved greater efficiency and compliance, enhancing overall performance. Similarly, Wemah, Akamba, and Yin (2020) reported that financing risks, especially access to credit and inflation, directly influence SME profitability and survival. Despite its value, challenges persist, including limited awareness, inadequate data, resource constraints, and perceptual biases

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(Darko et al., 2024). In the Sekondi-Takoradi Metropolis, many small businesses lack structured practices like record-keeping and insurance, undermining stability (Quaye et al., 2024).

The Resource-Based View (RBV) frames risk assessment as a valuable and rare intangible capability, enabling firms to anticipate pitfalls, minimise losses, and strategically deploy resources for competitive advantage (Acheampong, 2025). The Dynamic Capabilities (DC) framework positions it within sensing and seizing processes, allowing firms to detect emerging threats and reconfigure resources effectively (Awuah, 2025). When integrated into operations, risk assessment ensures scarce resources are directed to the most vulnerable areas, protecting margins (Anane-Fenin et al., 2024).

In Ghana's food-processing sector, awareness of liquidity and credit risks has improved cost control, compliance, and market access (Donkoh et al., 2025). In sum, risk assessment is a cornerstone of risk management, strengthening resilience, competitiveness, and long-term financial performance for small businesses.

Risk mitigation

Risk mitigation is the strategic process of implementing measures to reduce the likelihood or impact of threats to an organization's objectives, operations, assets, or finances (Lambon-Quayefio et al., 2025). Risk mitigation measures include contingency planning, insurance, diversification, and alternative sourcing (Abrefah et al., 2025). It safeguards resources, sustains operations during disruptions, and maintains stakeholder confidence, all of which are vital for sustainable financial performance (Fianoo et al., 2025).

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Effective mitigation enhances financial outcomes by minimising losses, reducing volatility, and ensuring operational continuity (Darko et al., 2025).

In Ghana, microfinance institutions often require landed collateral for large SME loans, mitigating credit risk, stabilizing lending, and supporting SME financial health (Gyimah et al., 2025). Similarly, operational risk mitigation in commercial banks, through internal controls and loss prevention, has explained up to 74% of performance variance, underscoring its role in stability (Awuni et al., 2025). Challenges persist, particularly for small businesses, including limited capital, informality, inadequate knowledge, and restricted access to insurance or credit (Sackey et al., 2025).

In Sekondi-Takoradi, many small businesses underutilize insurance due to low awareness and limited skills (Martey et al., 2025) The Resource-Based View (RBV) positions risk mitigation capabilities, such as access to collateral, insurance, or effective controls, as valuable, rare, and inimitable resources offering competitive advantage (Owusu et al., 2025). Dynamic Capabilities (DC) theory frames mitigation as part of a firm's ability to seize opportunities and reconfigure operations in response to emerging risks (Osei, 2025). In summary, risk mitigation is a core element of risk management that strengthens financial resilience by protecting against losses and enabling continuity.

Risk implementation

Risk implementation is the disciplined execution of selected risk responses, translating strategies from the assessment phase into concrete actions such as establishing credit limits, securing insurance, diversifying suppliers, implementing dual-authorisation procedures, and preparing incident

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playbooks (Oteng-Ababio et al., 2025). It is a critical stage of risk management because only actions put into practice can effectively reduce exposure (Yakubu & Tornyeva, 2025). Implementation embeds plans into operational routines, stabilizes cash flows, safeguards assets, and signals strong governance to lenders, investors, and stakeholders (Marfo et al., 2025).

Effective risk implementation influences financial performance by reducing the frequency and severity of losses, lowering earnings volatility, and improving access to capital at favorable rates (Asamoah & Ansong, 2025). In Ghana, fully executed enterprise risk management (ERM) practices have been shown to significantly improve operational and financial performance among small business (Adenutsi & Whajah, 2023). In banking, well-executed controls, such as maintaining adequate capital buffers and strengthening internal systems, are linked to higher profitability and sector stability (Asare, 2022). Indigenous practices like rotating savings schemes, inventory hedging, and micro-insurance also help Ghanaian entrepreneurs sustain growth during crises such as inflationary shocks and supply chain disruptions (Afrane, 2024).

Challenges to effective implementation include capability gaps, resource constraints, informality, poor documentation, resistance to change, and governance weaknesses (Obiri-Yeboah et al., 2025). Firms with stronger governance, such as robust boards, diversified ownership, and Big-4 auditors, implement ERM more effectively (Kwakye & Antwi, 2025). From the Resource-Based View (RBV), well-implemented controls, such as embedded compliance routines and insured positions, are valuable, rare, inimitable, and non-substitutable resources that confer competitive advantage (Asamoah & Ansong, 2025). Dynamic Capabilities (DC) theory frames implementation as

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part of the seizing and transforming processes, enabling firms to mobilize resources and adapt to evolving risks (Laryea et al., 2025). In sum, risk implementation is the bridge between strategy and measurable results. In Ghana's volatile economy, small businesses that integrate controls into daily operations, allocate adequate resources, and ensure governance oversight achieve stronger profitability, continuity, and investor trust.

Financial performance as a measure of business success

Financial performance reflects how well a business meets its financial objectives, measured through profitability, revenue growth, ROI, cash flow stability, and market value (Donkor, 2025). It indicates resource efficiency in generating sustainable returns and is essential for survival, growth, and competitiveness (Opuni-Frimpong, 2025). Strong results allow firms to reinvest, attract investors, secure favorable loans, and withstand economic shocks (Ayam & Ayam, 2025).

For small businesses, it boosts market credibility, supports expansion, and fosters employment, strengthening economic resilience (Obiri-Yeboah et al., 2025). High performance also reinforces business sustainability by enabling investment in innovation, diversification, and risk management (Ofori, 2024). In Ghana, Agyapong et al. (2018) found that financially strong small businesses were more likely to implement structured risk management, while Abor and Quartey (2019) observed that stable cash flows facilitated contingency planning and market diversification.

However, small businesses face barriers including limited capital, weak financial management skills, and overreliance on single markets, high operational costs, and macroeconomic instability (Essel, 2025). Poor record-

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keeping and heavy tax burdens further constrain reinvestment (Abrefah et al., 2025). From the Resource-Based View (RBV), superior performance is tied to valuable, rare, inimitable, and non-substitutable resources like strong customer networks and skilled human capital (Asamoah & Ansong, 2025). The Dynamic Capabilities (DC) framework views financial performance as both an outcome and an enabler of adaptability, equipping firms to sense opportunities, seize them, and transform in changing environments (Ackah & Boadu, 2025). In Ghana, Afrane (2024) found that financially robust small businesses were more resilient to inflation and supply chain disruptions, highlighting performance as both a driver and safeguard of long-term viability. In sum, financial performance is a critical foundation for small businesses growth, resilience, and sustainable competitiveness.

Organisational resilience

Organizational resilience is a business's ability to absorb shocks, adapt, and recover while maintaining or improving performance (Ankomah et al., 2024). For small businesses in Ghana's Central Region, resilience is vital amid uncertainty and limited institutional support (Asamoah & Ansong, 2025). It includes strategic, operational, psychological, technological, and financial dimensions (Opoku, 2025). Though resource-intensive and context-specific, resilience enhances risk management's impact on financial performance (Bawah et al., 2025) Rooted in the Resource-Based View and Dynamic Capabilities Theory, resilience must be continuously renewed. Empirical evidence confirms its role in driving innovation and growth, making it a strategic asset for long-term sustainability (Aidoo et al., 2025)

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Adaptability

Adaptability is an organization's ability to adjust strategies, operations, products, and business models in response to changing conditions (Owusu et al., 2025). It involves reconfiguring resources, redesigning processes, and revising value propositions to remain competitive (Ofori, 2024). For small businesses, adaptability is a strategic capability that supports survival, growth, and innovation, enabling them to respond to customer needs, regulatory shifts, and technological change (Poku et al., 2025).

Adaptability directly influences financial performance by helping firms preserve revenue, control costs, and maintain efficiency during disruptions (Opuni-Frimpong, 2025). In Ghana, a study of 152 small businesses during COVID-19 showed that those adopting digital engagement and online business models experienced less financial decline and recovered faster (Essuman, et al., 2024). Digital adaptability, such as shifting sales, marketing, and services online, proved critical to sustaining operations in crisis conditions (Asare et al., 2023).

However, small businesses face barriers including limited access to capital, infrastructure, and affordable digital tools; skills gaps in digital literacy and change management; and cultural resistance to innovation (Pomeyie & Danso-Wiredu, 2025). High informality and poor planning further reduce their capacity to anticipate threats and act swiftly (Tahiru, et al., 2025). Many small businesses recognized the need to pivot during the pandemic but lacked the channels, tools, and structures to do so effectively (Mensah et al., 2025).

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From the Resource-Based View (RBV), adaptability draws on valuable, rare, and inimitable resources like innovation culture, managerial expertise, and unique technology (Asravor et al., 2025) The Dynamic Capabilities (DC) framework sees it as the ability to sense changes, seize opportunities, and transform operations (Amoako & Anane, 2025). In Ghana, small businesses that embraced e-commerce and remote service delivery early maintained revenue and profitability despite external shocks (Kotei-Martin et al., 2025).

Sustainability

Sustainability is the ability of a business to meet present needs without compromising the future, integrating environmental stewardship, social responsibility, and economic viability (Fumey et al., 2025). For Ghanaian small businesses, it boosts resilience, resource efficiency, stakeholder trust, and competitiveness by reducing waste and accessing eco-conscious markets (Ahenkan et al., 2025). Its influence on financial performance is evident through lower operational costs, stronger brand reputation, and improved access to financing (Dokyi et al., 2025). Sustainable practices, such as energy conservation, water efficiency, and waste management, reduce expenses while attracting customers and investors (Musah, 2025). Afrane and Abeka (2025) found that environmental management, especially waste management, significantly improved small businesse financial performance, particularly in firms with strong governance. Likewise, Agyemang et al. (2019) reported that small businesses adopting energy, water, and materials management achieved greater profitability and market share.

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However, challenges hinder adoption. Many small businesses face limited capital for sustainable technologies, low technical expertise, weak awareness, and poor governance (Frimpong et al., 2025). Only 38.3% engage in sustainability reporting, with barriers including lack of finance, knowledge, and regulatory enforcement (Nyasapoh et al., 2025). From the Resource-Based View (RBV), sustainability-related assets, such as eco-efficient infrastructure, environmental expertise, and effective governance, are valuable, rare, and inimitable resources that provide competitive advantage (Anokye, 2025). Afrane and Abeka's study emphasized governance as critical in converting sustainability into financial gains. The Dynamic Capabilities (DC) perspective frames sustainability as the ability to sense environmental changes, seize eco-innovation opportunities, and transform processes (Asamoah-Gyadu & Faanu, 2025). Small businesses adopting renewable energy or advanced waste management illustrate sustainability as a dynamic capability enhancing resilience and profitability (Muniru & Nani, 2025). In essence, embedding sustainability strategically enables small businesses to achieve both economic success and environmental responsibility.

Empirical Review

An empirical review is a critical analysis and synthesis of studies based on observed or measured data. It focuses on research using empirical methods like surveys, experiments, or case studies, summarising evidence to show what is known and what gaps remain.

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Influence of risk management on the performance of small businesses in Central Region

Dvorsky et al., (2021) examined how small and medium-sized enterprises manage business risks and how these practices influence their stability and competitiveness. The study, based on survey data from 450 firms across Central Europe, used regression analysis to assess the effect of formal risk identification, assessment, and control on financial performance. Findings revealed that small businesses with structured risk systems achieved higher financial stability, stronger crisis preparedness, and superior growth rates. The study was included because it met the selection criteria of using quantitative data, a sufficient sample size, and direct measurement of risk management and performance variables. Its methodological strengths lie in its robust sample and statistical approach; however, its cross-sectional design limits causal inference and introduces potential self-selection bias. Moreover, measurement validity and unobserved heterogeneity were not fully addressed. Although the results align with the Resource-Based View (RBV), some contradictions arise since over-formalisation may reduce flexibility, an issue not explored in this study. The knowledge gap here concerns the lack of mediation and contextual testing in developing economies, suggesting the need to explore how risk systems operate through resilience or accounting mechanisms in small firms.

Apaloo & Bright (2022) investigated the impact of risk management practices on the performance of small and medium-scale enterprises in Ghana, employing a descriptive survey of 200 SME owners. The study analysed how risk identification, assessment, and mitigation affect financial success. Results showed that firms with proactive risk practices experienced fewer losses and

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better resource utilisation. The study was included because it directly examined Ghanaian SMEs and employed primary data collection focused on the same risk management dimensions relevant to the current study. Methodologically, it demonstrated strong contextual relevance but was weakened by its small sample size, descriptive design, and reliance on self-reported data, limiting generalisability. Conflicting findings in related literature suggest that risk management alone may not drive financial success without adequate accounting information or financial literacy. Consequently, the study exposes a key gap since most Ghanaian evidence lacks multivariate tests of mediating variables such as resilience or accounting practices, justifying the focus of this research on integrated models of risk management and performance.

Vipusanapat (2025) developed a risk management model for small businesses in Thailand, combining survey and case study methods involving 100 firms. The research demonstrated that structured risk identification and contingency planning improve cash flow management and enhance business sustainability. The study is included due to its contribution to understanding practical implementation of risk frameworks within developing economies, aligning with the thematic focus on adaptive management. Its strength lies in the mixed-methods design, which provides qualitative depth, yet its small sample and lack of model validation limit empirical generalisability. While the results affirm the benefits of structured risk systems, the study's reliance on self-reported growth outcomes introduces subjectivity. The knowledge gap identified is the absence of large-scale validation of such risk models across

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diverse developing economies, highlighting the need for empirical testing of model effectiveness in contexts such as Ghana's Central Region.

Rozsa et al., (2021) explored the combined effect of corporate social responsibility and personnel risk management on sustainability and performance among 300 small businesses in Eastern Europe. Findings revealed that firms integrating corporate social responsibility with employee-focused risk strategies, such as training and safety systems, experienced fewer disruptions and stronger stakeholder trust. This study was included because it expands the conceptual understanding of risk management to encompass human and ethical dimensions. Its methodological strengths include a moderate sample size and focus on non-financial risk factors. However, weaknesses involve limited construct validation of corporate social responsibility indicators and potential omitted variables influencing performance. Contradictory evidence from other studies indicates that corporate social responsibility-related investments can sometimes divert resources from immediate risk control in smaller firms. The knowledge gap emerging from this study concerns the lack of evidence on how personnel risk and corporate social responsibility interact with financial and operational resilience in resource-constrained small businesses, a relationship this current research seeks to clarify.

Saeidi et al., (2021) investigated the moderating effect of intellectual capital on the relationship between enterprise risk management and financial performance using structural equation modelling with data from 380 European firms. Results indicated that the positive influence of enterprise risk management on performance strengthens when intellectual capital levels are

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high. The study was included due to its theoretical contribution in linking internal resources to performance outcomes, consistent with the Resource-Based View. Its strengths include a robust statistical approach and validated constructs, while limitations arise from its European focus and potential differences in how intellectual capital manifests in informal small enterprises. Contradictory findings from smaller-scale SME studies show that the benefits of enterprise risk management are less pronounced in firms lacking structured systems. The knowledge gap therefore lies in whether similar moderation occurs in developing economies where intellectual capital is tacit and unrecorded. Addressing this question aligns directly with the current study's aim to test how resilience functions as a mediating capability within resource-constrained contexts.

Tuffour et al., (2022) examined how managerial financial literacy influences risk management and performance among 250 small-scale enterprise managers in Kumasi. They found that higher financial literacy improves budgeting, risk assessment, and investment decisions, leading to enhanced profitability. The study was included for meeting the selection criteria of empirical relevance to risk management in small business performance and its focus on human capital. Strengths include an adequate sample and clear operationalisation of financial literacy, while weaknesses involve self-assessed measures and limited regional scope. Contradictory evidence indicates that even financially literate managers may face systemic constraints such as limited capital or market volatility, reducing the effect of literacy alone. The knowledge gap from this study is the missing empirical linkage between financial literacy, accounting practices, and organisational

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resilience as integrated enablers of performance, a nexus that the current research aims to examine.

Mediating effect of organisational resilience on the relationship between risk management and financial performance of businesses in Central Region

Zahari et al., (2022) examined how leadership capabilities mediate the relationship between organisational resilience and firm performance among Malaysian enterprises. Using a quantitative survey of 210 managers, the study revealed that organisations demonstrating both resilience and effective leadership achieved higher financial and operational performance. This study was included because it met the inclusion criteria of employing validated quantitative instruments and direct resilience–performance constructs. Its methodological strengths lie in the use of structural analysis and multi-industry sampling, while its weaknesses include limited generalisability beyond large firms and the exclusion of small businesses from the sample. Contradictory findings in other Asian studies suggest that leadership alone may not guarantee resilience if structural support systems are weak. The knowledge gap from this research is the limited evidence on how leadership-driven resilience mediates the risk–performance relationship in small business contexts, justifying the current study's focus on this dynamic within Ghana's Central Region.

Dvorski Lacković & Miloš Sprčić (2024) investigated how entrepreneurial orientation mediates the relationship between enterprise risk management and organisational performance among 180 small businesses in

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Croatia. Employing structural equation modelling, the study showed that entrepreneurial orientation enhances the positive effect of enterprise risk management on firm outcomes by encouraging proactive and adaptive behaviours. The study was included based on its methodological rigor, use of SEM, and focus on behavioural mediators consistent with organisational resilience theory. Its strengths include validated constructs and strong model fit, while weaknesses relate to potential common-method bias and the absence of longitudinal data. Contradictory evidence from similar research in emerging economies suggests that risk aversion among small businesses can limit the benefits of entrepreneurial orientation. The knowledge gap identified is the need to test whether such entrepreneurial traits similarly mediate risk–performance relationships in less formal economies where structural supports are weaker, such as Ghana's Central Region.

Salam & Bajaba (2023) explored how supply chain resilience and absorptive capacity mediate the relationship between marketing–supply chain alignment and firm performance among 275 Saudi manufacturing firms. Findings indicated that resilience plays a significant mediating role, enabling firms to sustain financial performance under market disruptions. The study was included because it met the inclusion criteria of employing a robust analytical framework that integrates both mediating and moderating variables. Its methodological strengths include large sample size and validated measures of resilience, whereas its weaknesses involve limited sectoral diversity and potential overemphasis on manufacturing contexts. Contradictory findings from service-sector research suggest that supply chain resilience may be less influential where digital adaptability is higher. The knowledge gap here

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concerns the lack of evidence on how resilience functions beyond supply chain contexts, particularly within smaller, service-oriented enterprises. This gap informs the present study's focus on resilience as an organisational capability beyond logistical operations.

Meihua et al., (2024) examined the influence of organisational resilience, human resource capability, and financial capability on crisis management performance in China's catering sector. Using survey data from 220 managers, the study found that resilience, when combined with strong HR and financial competencies, improved firms' crisis response and sustained performance. The study was included because it aligns with the inclusion criteria of examining integrated internal capabilities relevant to resilience. Its methodological strengths include multi-variable testing and a balanced sample size, while limitations involve reliance on a single industry and self-reported data. Contradictory findings in other contexts indicate that financial capability may not always reinforce resilience if risk perception remains low. The knowledge gap here is the insufficient understanding of how multiple internal resources jointly shape resilience outcomes in small businesses, a relationship that the current study seeks to empirically validate.

Ba Awain et al., (2025) investigated how supply chain risk management affects product innovation performance in Omani small businesses, emphasizing the moderating effects of technological turbulence and entrepreneurial networking. Surveying 300 firms, they found that effective risk management enhanced innovation, which in turn improved financial performance, particularly under high technological turbulence. This study was included because it provides an applied perspective linking risk management,

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innovation, and resilience as interrelated constructs. Its strengths include a large and diverse sample and the integration of multiple moderators, while its weaknesses stem from the absence of direct measures of resilience. Contradictory findings in other innovation studies suggest that excessive focus on technology adoption can weaken financial stability among smaller firms. The knowledge gap identified here is the missing examination of innovation as a resilience mechanism in resource-constrained settings, supporting the need for context-specific evidence in Ghana.

Akinsola et al., (2023) analysed how knowledge risk management influences sustainable performance in Nigerian small businesses, focusing on the mediating and moderating effects of leadership behaviour. Using data from 190 managers, they found that knowledge risk management indirectly enhanced performance through leadership that fosters organisational learning and resilience. The study was included because it met the inclusion criteria of testing mediation using leadership-based resilience constructs within a developing economy. Its strengths lie in its integrated theoretical model and relevance to knowledge-based risk frameworks, whereas its weaknesses involve potential response bias and regional limitations. Contradictory evidence from other West African studies suggests that without adequate systems for knowledge retention, leadership behaviour alone may not sustain resilience. The knowledge gap identified is the limited understanding of how knowledge-based risk management translates into financial resilience in small businesses, a link that the current study seeks to establish.

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Conceptual Framework

The framework presented in Figure 1 provides a visual representation of the various relationships at play in this research.

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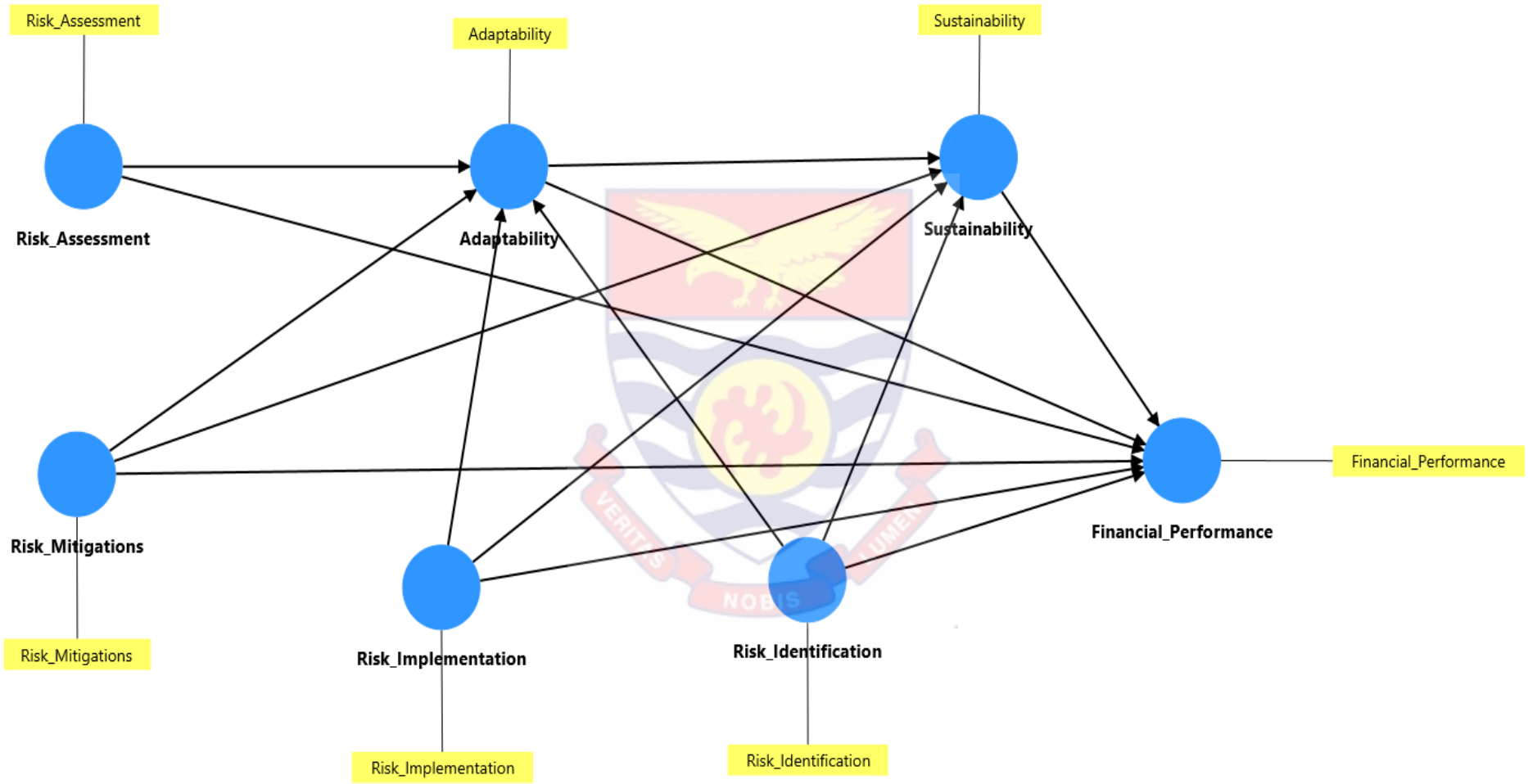


Figure 1: Risk Management, Organisational Resilience, Financial Performance

Source**:** Author's Construct (2025

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The conceptual framework illustrates how the components of organisational resilience, namely adaptability and sustainability, mediate the relationship between the components of risk management, including risk identification, risk assessment, risk mitigation, and risk implementation, and financial performance. Drawing on the Resource-Based View (RBV) theory, these risk management components are regarded as valuable internal resources that, when effectively deployed, enhance a small business's ability to utilize its capabilities efficiently for improved financial outcomes. According to the RBV, organisational resilience, manifested through adaptability and sustainability, serves as a strategic resource that enables small businesses to transform risk management practices into sustained competitive advantage and superior financial performance.

Based on the perspective of the Dynamic Capabilities Theory (DCT), risk management and resilience practices also function as dynamic capabilities that allow firms to sense potential risks, seize emerging opportunities, and reconfigure their operations in response to environmental volatility. Adaptability enables small firms to adjust processes, products, and strategies swiftly, while sustainability ensures the long-term continuity of financial and operational stability. Through these interrelated mechanisms, small businesses not only withstand disruptions but also enhance their innovation, operational efficiency, and profitability over time.

The mediating pathways in the framework are explicitly defined as follows: effective risk identification and assessment enhance a firm's capacity to anticipate potential disruptions, which strengthens adaptability. Likewise, risk mitigation and implementation facilitate strategic learning and resource

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optimization, which foster sustainability. Together, adaptability and sustainability constitute the mediating mechanisms through which risk management exerts its influence on financial performance. Thus, while risk management directly affects financial performance by improving control and decision-making, it also indirectly affects performance through the enhancement of organisational resilience.

The framework further incorporates feedback loops, recognising that financial performance itself influences future risk management practices. Improved financial performance provides firms with the resources and confidence to invest in advanced risk assessment tools, staff training, and mitigation systems, thereby reinforcing proactive risk management. Conversely, poor financial outcomes may constrain these efforts, prompting firms to adopt more reactive or cost-driven approaches to risk management. This bidirectional relationship ensures that risk management and financial performance evolve in a continuous cycle of learning, adaptation, and improvement.

In addressing the first research objective, to assess the influence of risk management on the financial performance of small businesses, the framework posits a direct causal pathway, whereby robust risk management practices lead to improved financial results through enhanced decision-making, cost control, and operational stability. For the second research objective, to examine the mediating role of organisational resilience in the relationship between risk management and financial performance, the framework delineates an indirect pathway, where adaptability and sustainability translate risk management inputs into performance outcomes. In this mechanism, resilience acts as the

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transformative bridge that converts proactive risk strategies into tangible financial benefits.

In summary, the conceptual framework integrates both direct and indirect effects while incorporating feedback loops to capture the dynamic nature of organisational learning and adaptation. It demonstrates that risk management not only drives financial performance but also evolves through continuous performance-based feedback, with organisational resilience through adaptability and sustainability serving as the central mediating process that links strategic risk actions to long-term financial success in small businesses.

Chapter Summary

This chapter provides a review of the variables utilised in the study and the theoretical foundation of the research. It also examines the works of scholars pertaining to risk management, organisational resilience, and financial performance of small businesses in the Central Region. Additionally, the chapter reviews empirical studies related to the variables of interest and the formulation of a conceptual framework.

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CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter outlines the methodology adopted for the study, including the research philosophy, approach, design, study area, population, sample size, and sampling techniques. It also describes the instruments used for data collection, the procedures for collecting and analyzing data, and the ethical considerations observed. In line with Perry et al. (2003) and Welman and Kruger (2001), this chapter justifies the methods employed and explains the systematic process followed to generate valid and reliable findings.

Research Philosophy

The concept of research paradigms was introduced by Kuhn (1962) in The Structure of Scientific Revolutions, where he defined paradigms as frameworks that guide how researchers understand and investigate the world. According to Kuhn, paradigms consist of connected ideas, variables, and conditions that align with specific methodological approaches, acting as lenses for interpreting realities. This study adopts a post-positivist paradigm because it balances objectivity and subjectivity, allowing for multiple methods and perspectives. It recognizes that while an objective reality exists, human inquiry has limits in fully capturing it. This makes post-positivism appropriate for studies in natural settings where mixed methods can yield deeper and more reliable conclusions (Phillips & Burbules, 2000). This approach aligns with the goals of this research, providing flexibility and depth for exploring complex social issues (Panhwar et al., 2017).

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Research Approach

The research approach defines the overall strategy and process guiding a study, moving from broad philosophical assumptions to specific methods for data collection, analysis, and interpretation (Kabir, 2016; Sileyew, 2019). This process involves a series of methodological decisions that do not always follow a strict linear order. A key decision is choosing an appropriate approach to gather and analyse data. Generally, research approaches are divided into quantitative and qualitative methods. Quantitative research focuses on examining relationships between variables using numerical data, which is typically analyzed with statistical techniques.

This study adopts a quantitative research approach to examine the relationship between risk management and the financial performance of small businesses in the Central Region of Ghana, specifically exploring the mediating role of organisational resilience. The quantitative method allows the researcher to explain phenomena and detect behavioral patterns through deductive reasoning. As the data collected are quantifiable—represented in frequencies, scores, or numerical values—statistical tools are used to analyse the relationships among the study's variables in line with its objectives and measures.

Choosing a quantitative approach is appropriate for systematically measuring variables and testing hypotheses. Neethling (2016) notes that quantitative research is efficient, time-effective, and useful for exploring various scenarios. Additionally, van Rijnsoever (2021) points out that quantitative methods offer the advantage of generalisability because they often

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involve larger, randomly selected samples, allowing the findings to be applied to wider populations or subgroups. The use of statistical analysis also strengthens the reliability and applicability of the results, supporting the suitability of the quantitative approach for this study.

Research Design

A research design is a systematic and structured plan that guides data collection, measurement, and analysis to achieve research objectives in an organised way. It connects the conceptual aspects of a research problem to practical inquiry by outlining steps to solve the identified problem (Wong, 2014). Saunders et al., (2007) describe research design as providing the logical structure for addressing research questions and detailing procedures for gathering and analysing data. Flick (2015) supports this view, describing research design as a strategic pathway from formulating questions to drawing valid conclusions, emphasising the need for careful planning to avoid misleading results. Tavallaei and Talib (2010) further note that research design offers systematic guidelines to ensure that problems are effectively addressed and findings are credible.

This study adopts an explanatory research design to examine the relationship between risk management, organisational resilience, and the financial performance of small businesses in the Central Region of Ghana. The explanatory design is suitable because it seeks to identify and analyse cause-and-effect relationships, offering insights into how risk management practices influence financial performance and how organisational resilience mediates this relationship. Zikmund et al., (2013) emphasise that explanatory research is vital for understanding causal mechanisms among variables, while Creswell

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(2020) asserts that it helps explore the causes of phenomena and predict future outcomes based on empirical findings.

Additionally, the study employs a cross-sectional approach, collecting data from participants at one point in time to capture current conditions (Bhat et al., 2019). This approach enables simultaneous examination of exposures, such as risk management and organisational resilience, and outcomes like business performance. Setia (2016) confirms that cross-sectional designs are effective for analyzing relationships among variables within a specific time frame, making them appropriate for studies focused on immediate conditions or contexts. However, the cross-sectional nature of this study limits causal inference because data are collected at a single point in time, preventing the establishment of temporal precedence between variables. Consequently, while relationships and mediating effects can be statistically demonstrated, interpretations of causality must be made cautiously.

A longitudinal design, which tracks variables over time, could have provided stronger evidence of causal direction and dynamic changes in risk management and resilience practices. However, such a design was not feasible due to time and resource constraints inherent in the research setting. Despite this limitation, the explanatory cross-sectional design offers a practical snapshot of existing relationships and provides a valuable foundation for future longitudinal research. The study acknowledges that conclusions drawn will emphasize association rather than definitive causation, and findings will be interpreted with this limitation in mind.

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Potential confounding variables such as business size, sector, ownership structure, and years of operation could influence the observed relationships between risk management, organisational resilience, and financial performance. To minimize these effects, the study will employ statistical control measures, including partial correlation and multiple regression analysis, to isolate the unique contributions of the primary variables of interest. Additionally, assumptions of temporal stability will be discussed, recognizing that the relationships among these variables are assumed to be relatively stable during the study period. While this assumption allows for meaningful interpretation, it also implies that shifts in economic or regulatory conditions could alter outcomes over time.

To differentiate between correlation and causation, the study presented findings in a manner that clearly delineates statistical association from inferred causal mechanisms. Explanations will be framed around theoretical propositions supported by the Resource-Based View and Dynamic Capabilities Theory rather than definitive causal claims. By emphasizing patterns of association and theoretical logic, readers will be guided to understand that while the results may suggest directional influence, they do not confirm causation due to the cross-sectional nature of the data. In summary, the combination of an explanatory research design and a cross-sectional approach provides a coherent framework for investigating how risk management and organizational resilience relate to small business performance in the Central Region of Ghana. Although causal inference is limited, the study employs rigorous control and interpretive measures to

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ensure that findings are valid, theoretically grounded, and transparent about their analytical boundaries.

Study Area

The study focuses on Central Region, one of the country's sixteen administrative regions, located in southern Ghana between latitude 5° N and 7° N and longitude 1° W and 2° W. It shares borders with Ashanti and Eastern Regions to the north, Western Region to the west, Greater Accra Region to the east, and the Gulf of Guinea to the south. Covering 9,826 km², the Central Region ranks eighth nationally in population and land area. Its 170-kilometer coastline makes it Ghana's largest fishing zone, providing 38% of the country's total fish production. Cape Coast, the regional capital, is historically notable as the former capital of the Gold Coast until 1877.

The Central Region is economically relevant to this study because its economy depends heavily on small businesses in sectors like tourism, agriculture, fishing, and trade. It also has significant contributions from small-scale mining, industrial minerals, and agro-processing. Many businesses in the region face economic challenges, environmental hazards, and limited resources, highlighting the need to examine their risk management and resilience strategies. The choice of the Central Region is justified by its unique economic structure and the vulnerability of its small businesses to external shocks such as climate change, market instability, and financial risks.

There is limited research on risk management practices in this context, creating a knowledge gap this study aims to fill. Understanding how these businesses manage risks and build resilience is vital for sustainability, better policies, and contributions to global goals like SDG 8 (Decent Work and

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Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure). Economically, the region hosts many small businesses, fishing communities, and agribusinesses that generate jobs and income. It also has a strong educational presence, including institutions like the University of Cape Coast and Cape Coast Technical University, which promote knowledge transfer and skills development.

Culturally, the region is rich in heritage, with attractions like Cape Coast Castle, Elmina Castle, and Kakum National Park drawing tourists annually. Festivals such as the Fetu Afahye celebrate community and economic progress, influencing businesses in tourism and the creative industries. Politically, the region has twenty-two administrative units—one Metropolitan, seven Municipal, and fourteen District Assemblies—and twenty-three parliamentary constituencies. Local governance structures significantly impact small businesses through policies on taxation, financing, and risk management.

In summary, the Central Region's economic role, business vulnerabilities, and cultural and political context make it an ideal setting for this study. The findings will offer valuable insights for policymakers, business owners, and stakeholders, helping improve risk management and resilience strategies for small businesses in the region.

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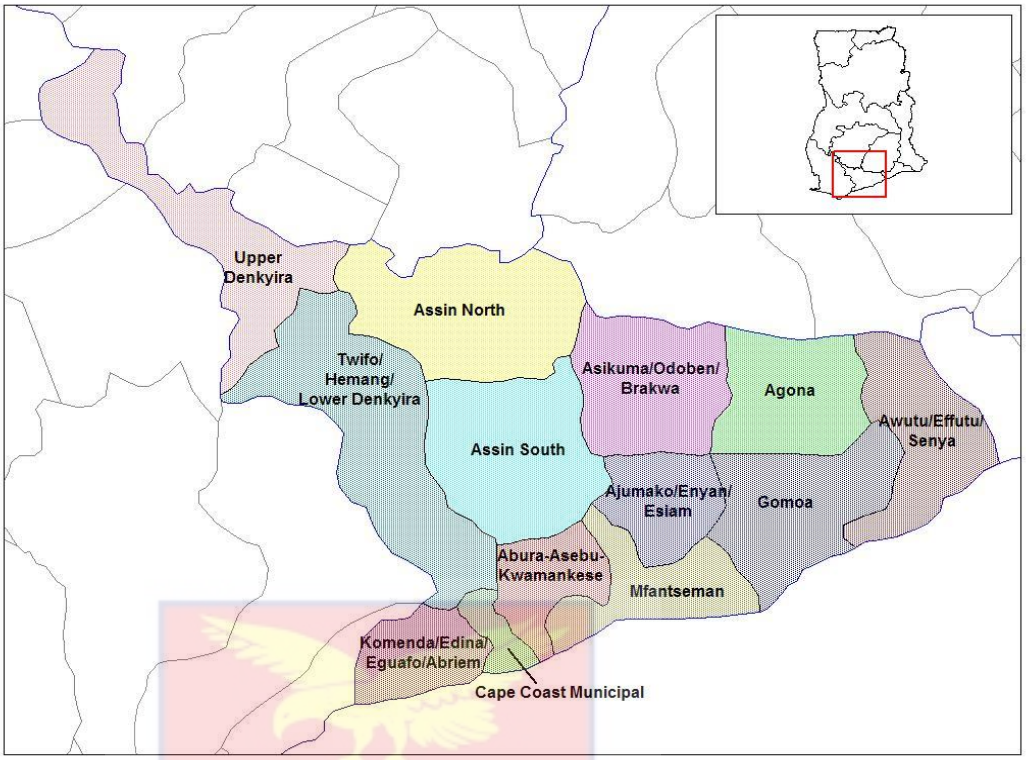


Figure 2: Map of Central Region

Source: Ghana Statistical Service (GSS, 2025)

Population

A population, as defined by (Amedahe et al., 2002), refers to the total group of elements relevant to a researcher's study. In the Central Region of Ghana, small businesses are spread across twenty-two districts. However, the exact number of registered small businesses remains unclear because many businesses do not formally register with the Ghana Enterprise Agency (GEA) for reasons specific to business owners. The focus is on small businesses registered with the Ghana Statistical Service (GSS) in the Central Region. According to the Regional Statistician, the GSS database recorded 508 registered small businesses in the region as of 2021. Small business owners in the region vary widely in age, gender, education, and employment. Most owners are aged between 25 and 55 years, with a large proportion being

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middle-aged entrepreneurs. Gender distribution is fairly balanced, although women slightly dominate in the informal sector, especially in trading and small-scale manufacturing. Education levels differ, with some business owners having tertiary education while many others hold secondary-level qualifications or informal training in business management.

These businesses are vital sources of employment for youth and semi-skilled workers, mainly in retail, hairdressing, dressmaking, and manufacturing. The accessible population of 508 registered businesses represents the wider target population well, as it includes a variety of industries such as fashion, retail, food and beverages, and hairdressing. Because these businesses are officially registered, they offer a reliable and verifiable database, ensuring diverse small business operations across the region are captured. It is estimated that these 508 registered businesses represent roughly 25 to 30 percent of the total small business population in the Central Region, considering that many operate informally without registration. Although many small businesses in the informal sector are unregistered and therefore excluded, the chosen sample still reflects the region's formal economic environment and compliance with regulations.

However, the exclusion of informal sector businesses has implications for the representativeness and external validity of the findings. Informal businesses, which constitute a large share of the regional economy, may differ significantly in their structure, management practices, and resource availability. Consequently, the study's conclusions may be more applicable to formally registered enterprises and less generalizable to the broader population

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of informal small businesses. This limitation suggests that the results should be interpreted within the context of formal business operations.

Moreover, formal and informal businesses may differ in important ways that could influence the generalisability of the findings. Formal enterprises tend to have clearer organisational structures, better access to credit and training, and stronger regulatory compliance mechanisms, all of which can enhance their capacity for risk management and resilience building. In contrast, informal businesses often operate with limited documentation, weaker financial controls, and lower access to institutional support, making them more vulnerable to external shocks. These structural differences imply that the nature and effectiveness of risk management strategies may vary between the two groups.

Additionally, the requirement for formal registration itself may influence the way risk management is practiced. Registered businesses are often subject to statutory regulations, record-keeping standards, and compliance audits, which can promote more systematic risk assessment and control measures. This could create systematic differences between formal and informal businesses in how they identify, mitigate, and respond to risks. As such, the findings from registered businesses may reflect higher levels of formalised risk management processes than would be found among unregistered enterprises. The focus on registered businesses therefore has both strengths and limitations. While it provides a structured and verifiable sample for reliable analysis, it also introduces potential biases linked to the formal-informal divide. Excluding the informal sector means some small businesses crucial to the local economy may be underrepresented. Also, using GSS data

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from 2021 may overlook newly formed businesses or those that have closed since then. Despite these constraints, the selected population provides a credible, structured basis for examining risk management and organizational resilience among small businesses in the Central Region.

Sampling Procedures

The study targeted registered small businesses in Central Region, using Ghana Statistical Service (GSS) data from January 2021. Due to challenges in getting a complete list since many businesses remain unregistered, the focus was on 508 officially registered businesses. Small businesses were chosen for their key role in job creation and income generation. To ensure diverse representation, businesses were grouped into four sectors: retail, hairdressing, fashion, and food and beverages. A stratified sampling method was used to reflect these categories proportionally, with simple random sampling within each group. Owners and managers were the sampling units because they handle key decisions about finances and risk. A sample size of 270 was determined using Krejcie and Morgan's (2013) table. Although 300 questionnaires were distributed, 290 were returned (92% response rate). After screening, 270 valid responses were analysed. While this structured approach ensured good representation, the study may not reflect the informal sector, which faces different challenges. Some bias may also exist since more formal businesses were likely to respond. Still, the sampling method ensured balanced insights into risk management and resilience among registered small businesses in the region.

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Data Collection Instrument

The main data collection tool for this study was a structured questionnaire designed to gather quantitative data from small business owners and managers in the Central Region of Ghana. Its development was based on a thorough review of relevant literature on risk management, organisational resilience, and financial performance, drawing on key sources like Hopkin (2018), Sadgrove (2016), Fraser et al. (2014), Beasley et al. (2022), and Duchek (2020). The researcher developed the questionnaire with guidance from academic supervisor, adapting items from validated instruments to suit the local context. A five-point Likert scale (1 = Least Agreement to 5 = Highest Agreement) was used to capture respondents' views with measurable intensity. The questionnaire had four sections: Section A: Demographics (age, sex, education, experience), Section B: Risk Management (Risk Identification, Risk Assessment, Risk Mitigation, Risk Implementation), Section C: Financial Performance, Section D: Organisational Resilience (Adaptability and Sustainability). Each variable included seven items adapted from authoritative sources. For example, Risk Identification was informed by Hopkin (2018) and Sadgrove (2016); Financial Performance drew on Adriel (2020) and Brigham & Houston (2019); and Organisational Resilience measures were adapted from Duchek (2020) and Elkington (2020).

Below is a table indicating the variables, operational definition, number of items, and their corresponding sources are summarized as follows:

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Table 1: The operational definition, items and sources of sub-constructs.

Constructs	Operational Definition	Items	Sources
	Risk Management		
Risk Identification	The process of recognising potential threats that negatively affect business operations.	7	Hopkin (2018); Sadgrove (2016); Fraser et al. (2014)
Risk Assessment	Analysing potential risks to determine their likelihood and impact for effective prioritisation and management.	7	Beasley et al. (2022); Aven (2016); Hutchins (2018); Hillson & Simon (2020)
Risk Mitigation	Implementing strategies to reduce or control the impact and likelihood of identified risks.	7	Lam (2014); Chapman (2011); Yang et al. (2018)
Risk Implementation	Executing planned risk strategies to minimise or control potential threats and their impacts.	7	Anderson (2016); Moeller (2011); Kaplan & Mikes (2016); Beasley et al. (2009)
Financial Performance	Measuring a business's success using indicators such as revenue, profit, ROI, and cost efficiency.	7	Adriel (2020); Anderson (2016); Horngren et al. (2009); Brigham & Houston (2019)
	Organizational Resilience		
Adaptability	The ability to adjust effectively to change and challenges to maintain performance and meet goals.	7	Duchek (2020); Teece (2018); Burnes & Jackson (2011); Lengnick-Hall & Beck (2016)
Sustainability	Sustaining performance over time while minimising harm to the environment, society, and future resources.	7	Elkington (2020); Lozano (2018); Eccles & Klimenko (2019)

Source: Author's Construct (2025)

To ensure validity and reliability, the researcher reviewed the questionnaire for content and construct alignment with literature, and a pre-test was conducted with twenty (20) business owners in Takoradi Market Circle. The pre-test results showed Cronbach's Alpha values between 0.8 and 0.9, indicating strong internal consistency. Minor adjustments were made to

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the questionnaire based on pre-test feedback to improve clarity and flow for respondents. While the structured format supported consistent responses and robust statistical analysis, it relied on self-reported data, which may introduce biases like social desirability bias. The closed-ended format also limited deeper qualitative insights. Proper citation of original sources was maintained, and the tool was used solely for academic purposes under fair use. In sum, the questionnaire was carefully designed, evidence-based, and tested, making it a reliable instrument for measuring the relationships among risk management, organisational resilience, and financial performance in small businesses.

Data Collection Procedure

The data collection for this study was carefully planned and conducted with strict ethical standards to ensure reliability and trustworthiness. Before fieldwork, the researcher secured an introductory letter from the School of Business, University of Cape Coast, and successfully submitted an online application for ethical clearance on Wednesday, 12th February, 2025 at 11:30 PM to the University of Cape Coast Institutional Review Board (IRB) and successfully obtained the Final Decision Certificates on Wednesday, 11th June, 2025 at 7:24 AM. These approvals helped gain the trust and cooperation of respondents. The data collection started from 12th June, 2025 to 30th June, 2025. To accommodate respondents' schedules, dates and times were arranged in advance, with most data gathered during business hours (7:00 a.m. to 5:00 p.m.). A drop-and-pick method was used, allowing business owners and managers to complete questionnaires at their convenience, which helped improve response accuracy and reduce rushed answers. Completed

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questionnaires were later retrieved by the researcher and trained research assistants.

Given the region's wide geographic spread and the large sample, trained assistants supported the distribution and collection process. They received detailed training on the study's objectives, ethical principles (confidentiality and consent), proper questionnaire administration, and how to avoid introducing bias. This preparation ensured consistency in data collection. Face-to-face delivery was chosen over digital or mail methods due to the target group's limited online access and to allow clarifications when needed. Despite careful planning, some challenges arose, including delays in completing the forms and instances where business owners were unavailable, requiring multiple follow-up visits. Persistent efforts ensured that most questionnaires were retrieved.

In total, 350 questionnaires were distributed and 335 retrieved, with 270 fully completed and valid for analysis, yielding a strong response rate of about 92%. Overall, this well-organized and ethical process provided high-quality data for the study's analysis of risk management, organisational resilience, and financial performance in small businesses in the Central Region.

Pre-Testing of Data Collection Instrument

In social science research, the accuracy and effectiveness of a data collection instrument are vital for ensuring validity and reliability. One key procedure to guarantee this is pre-testing, also known as pilot testing. Pre-testing involves administering a draft version of the questionnaire to a small group of respondents before the main data collection begins, with the goal of

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assessing clarity, relevance, and identifying any issues with wording, structure, or formatting (Van Teijlingen & Hundley, 2010).

As Pallant et al., (2016) explain, pre-testing helps ensure that questions and instructions are clear and interpreted correctly by respondents, which strengthens the instrument's validity. It also checks whether the questions produce meaningful and honest responses. In this study, pre-testing was conducted with twenty (20) small business managers at Takoradi Market Circle in Western Region, Ghana. This location was selected because its businesses are similar to those in the target population but were not part of the main study sample, thus avoiding data contamination while still offering relevant feedback. This aligns with Lewkowicz & Biernacki (2020), who note that a sample of twenty (20) respondents is acceptable for pre-testing.

The draft questionnaire was first reviewed and approved by the research supervisor to meet content and construct validity standards. During the pre-test, respondents completed the questionnaire under observation and provided feedback. While most found the items clear and relevant, concerns were raised about the length and the small font size, which could discourage participation or affect response quality. In response, the questionnaire was refined: redundant wording was shortened, a consistent Likert scale was used throughout, and the font size and spacing were adjusted for better readability. These changes made the instrument more practical and user-friendly. Overall, the pre-test was crucial for improving the questionnaire's structure and clarity, enhancing its validity and reliability, and increasing the likelihood of collecting high-quality data for the main study.

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Validity and Reliability

Reliability refers to the consistency of a research instrument in producing stable results. Bless et al. (2006) and Saunders et al. (2009) stress that reliable instruments yield dependable, accurate measurements. In this study, reliability was ensured through a clear process: a comprehensive literature review guided the questionnaire's design, which was then reviewed and approved by experts and the research supervisor for content validity. A pilot test with 20 small business managers in Takoradi Market Circle helped identify unclear or inconsistent items, which were revised to enhance clarity and contextual relevance.

To measure internal consistency, Cronbach's Alpha was calculated. Values above 0.70 are generally acceptable (Hair et al., 2006). The original reliability scores for major constructs were: risk management (0.934), financial performance (0.847), and organizational resilience (0.889). Sub-constructs under risk management—risk identification, risk assessment, risk mitigation, and risk implementation—recorded Alpha values of 0.910, 0.934, 0.877, and 0.919 respectively. Organizational resilience sub-constructs—adaptability and sustainability—had scores of 0.792 and 0.889. Updated reliability analysis showed all scores remained high, ranging from 0.80 to 0.90 across constructs, confirming strong internal consistency.

Validity ensures that an instrument measures what it is meant to measure (Saunders et al., 2009). Content validity in this study was strengthened through literature alignment, expert review, and supervisor approval, ensuring that questions accurately captured risk management, financial performance, and organizational resilience. While the instrument was

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robust, some limitations existed. The use of self-reported, closed-ended questions may have introduced response bias and limited deeper insights. However, these issues were addressed through carefully worded items and a thorough pre-test that minimised misinterpretation and improved contextual fit.

In conclusion, the instrument used in this study was rigorously validated and tested for reliability. The high Cronbach's Alpha values and systematic development process confirm that the data collected is consistent, credible, and valid for analyzing the relationship between risk management practices and financial performance among small businesses in Ghana's Central Region. The table below summarises both the original and updated reliability scores for comparison:

Table 2: The reliability scores for each sub-construct is presented below

Construct	Sub-Construct	Items	Adapted Instrument Cronbach's Alpha	Updated Instrument Cronbach's Alpha
Risk Management	Risk Identification	7	0.910	0.80
	Risk Assessment	7	0.934	0.80
	Risk Mitigation	7	0.877	0.90
	Risk Implementation	7	0.919	0.90
Financial Performance	—	7	0.847	0.90
Organizational Resilience	Adaptability	7	0.792	0.90
	Sustainability	7	0.889	0.90

Source: Author's Constructs (2025)

Data Processing and Analysis

Reliable research depends on proper data analysis to accurately address research objectives (Cohen et al., 2017). Data analysis involves organizing, categorizing, and interpreting data to derive meaning and develop insights

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(Herawaty et al., 2024). In this study, the data collected from small business owners and managers in Ghana's Central Region were processed through editing, coding, and entry to ensure accuracy and consistency. Editing addressed errors such as missing responses and outliers. Coding converted responses into numerical values following a structured framework. Data were first entered in Microsoft Excel and then imported into SPSS version 30, with double entry verification and manual checks to ensure reliability.

The unit of analysis was the owners of small businesses since they are key decision-makers regarding risk management and financial performance. Descriptive statistics, mean and standard deviation, were computed using SPSS to assess levels of risk management, financial performance, and organizational resilience. To examine relationships among variables, Structural Equation Modeling (SEM) was conducted using Smart PLS version 4.0. SEM combined factor analysis and regression, allowing the study to test both the measurement model (validity and reliability of constructs) and the structural model (hypothesised relationships).

SPSS was chosen for its efficiency in descriptive analysis, while Smart PLS-SEM version 4.0 was selected for its strength in analysing complex relationships, especially with small sample sizes and non-normally distributed data (Alazzabi et al., 2020; Arif et al., 2020; Albawwat et al., 2021). PLS-SEM is suitable for testing direct and indirect effects among variables, making it ideal for exploring how risk management practices influence financial performance through organizational resilience. All analyses were conducted by the researcher without hiring an external statistician, ensuring a thorough understanding of the dataset and minimizing misinterpretation. The combined

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use of SPSS and PLS-SEM provided robust, complementary insights into levels, trends, and relationships, ensuring the study's findings are accurate, reliable, and relevant for understanding risk management effectiveness among small businesses in the region.

Ethical Consideration

Ethical conduct is vital when research involves human participants, Welman, Kruger, and Mitchell (2005) emphasise that ethics must be observed during participant recruitment, data collection, and dissemination of results. This study upheld core ethical principles: informed consent, confidentiality and anonymity, avoidance of plagiarism, and protection from harm.

Participants were fully informed about the study's purpose, procedures, potential risks, and their rights, including voluntary participation and the freedom to withdraw at any time without penalty. Written consent was obtained to confirm understanding and agreement. To ensure confidentiality and anonymity, no personal identifying details were collected; responses were coded and securely stored in password-protected files accessible only to the researcher. Data were used solely for academic purposes, with results presented so individual responses could not be traced.

Academic integrity was ensured by properly citing all sources and using Turnitin to check for plagiarism, safeguarding originality and respecting others' intellectual property. The questionnaire was carefully designed to avoid distressing or intrusive questions, and participants were not exposed to any physical or psychological harm. Measures were in place to address any discomfort sensitively and ethically if it arose. These ethical safeguards

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protected participants' dignity and rights and enhanced the credibility of the study's findings.

Chapter Summary

This chapter explores the methodologies employed in this research. It provides a comprehensive overview of the research design, approach, study population, sampling techniques, and determination of sample size, analytical methods, research instruments, considerations of validity and reliability and ethical considerations.

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CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents and discusses the results of the study, which examined the relationship between risk management, financial performance, and organisational resilience among small businesses in Ghana's Central Region. The first part of the chapter describes the demographic characteristics of the respondents. The second section analyses the specific research objectives.

Demographics

Demographic characteristics of the respondents were measured descriptively via frequency and percentage. These statistical techniques were employed because of the nominal level of measurement applied for the measure of these variables. The findings are presented in Table 1

Table 3: Demographic Characteristics of Respondents

Variable	Category	Frequency (n)	Percentage (%)
Age	20–30 years	103	38
	31–40 years	72	27
	41–60 years	95	35
Gender	Male	94	35
	Female	176	65
Years of Business Operation	5–10 years	70	26
	11–15 years	124	46
	16–20 years	76	28
Educational Level	HND	44	16
	Undergraduate	149	55
	Master's	77	29

Source: Field Survey (2025)

The demographic characteristics of respondents, as shown in Table 1, present a concise profile of the study sample. In terms of age, the largest group

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fell within 20–30 years (38%, n=103), indicating a youthful business community with growing interest in entrepreneurship. This was followed by 41–60 years (35%, n=95) and 31–40 years (27%, n=72), suggesting a balanced representation across different stages of adulthood. Gender distribution revealed a higher proportion of females (65%, n=176) compared to males (35%, n=94), highlighting strong female participation in small business ownership or management, possibly influenced by targeted support programs or socio-economic factors.

Regarding years of operation, most businesses had been active for 11–15 years (46%, n=124), followed by 16–20 years (28%, n=76) and 5–10 years (26%, n=70). This reflects a predominance of experienced entrepreneurs with considerable operational expertise. In terms of education, 55% (n=149) held undergraduate degrees, 29% (n=77) master's degrees, and 16% (n=44) Higher National Diplomas. This high level of tertiary education suggests an entrepreneurial base well-positioned to adopt modern business practices, financial strategies, and risk management approaches.

Structural Model Result

The study employed PLS-SEM software to analyze research objectives four, five, and six, focusing on risk management, organizational resilience, and the financial performance of small businesses in the Central Region.

Assessing indicator loadings

Table 8 shows that some of the indicators were dropped in comparison to the indicators used in measuring the construct. All the indicators loading below the threshold of 0.7 recommended by Hair et al. (2016) were dropped to

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improve the overall model reliability. Out of the total number of 61 indicators used in measuring the various latent variables, 4 indicators were dropped for failure to meet the indicator reliability criteria.

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Table 4: Indicator Loadings

	Adaptability	Financial Performance	Risk Assessment	Risk Identification	Risk Implementations	Risk Mitigations	Sustainability
A1	**0.822**						
A2	**0.784**						
A3	**0.836**						
A4	**0.786**						
A5	**0.838**						
A7	**0.759**						
FP1		**0.834**					
FP2		**0.836**					
FP3		**0.855**					
FP4		**0.816**					
FP5		**0.882**					
FP6		**0.818**					
FP7		**0.851**					
R1					**0.803**		
R2					**0.839**		
R3					**0.835**		
R4					**0.735**		
R5					**0.828**		
R7					**0.786**		
RA1			**0.745**				
RA2			**0.769**				
RA3			**0.820**				

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RA4	**0.777**			
RA5	**0.829**			
RA6	**0.800**			
RA7	**0.823**			
RI1		**0.754**		
RI2		**0.816**		
RI3		**0.770**		
RI4		**0.796**		
RI5		**0.783**		
RI6		**0.709**		
RI7		**0.767**		
RM1			**0.853**	
RM2			**0.816**	
RM3			**0.800**	
RM5			**0.779**	
RM6			**0.816**	
S1				**0.861**
S2				**0.777**
S3				**0.767**
S4				**0.832**
S5				**0.815**
S6				**0.797**
S7				**0.777**

Source: Field Survey (2025)

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From Table 4, all the indicators that loaded below the threshold of 0.7 were eliminated. Each of the indicator measured the right construct. This makes all the indicators valid and reliable.

Assessing Internal Consistency Reliability

In this study, the internal consistency reliability of the constructs was measured using the composite reliability. The composite reliability is a more appropriate measure of internal consistency than the Cronbach's alpha (Rossiter, 2002). The results in Table 5 indicates that all latent variables in this study are reliable, as they all loaded above the 0.7 threshold by (Bagozzi & Yi, 1988). Table 5 also includes results on convergence validity.

Table 5: Validity and Reliability

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Adaptability	0.891	0.892	0.917	0.648
Financial Performance	0.932	0.934	0.945	0.709
Risk Assessment	0.903	0.904	0.923	0.632
Risk Identification	0.886	0.892	0.911	0.595
Risk Implementations	0.891	0.896	0.917	0.648
Risk Mitigations	0.872	0.878	0.907	0.662
Sustainability	0.909	0.911	0.928	0.647

Source: Field Survey (2025)

Assessing Convergent Validity

The average variance extracted was used in assessing convergent validity. Convergent validity is the extent to which a measure correlates positively with alternative measures of the same construct (Hair et al., 2017). An AVE value of 0.50 or higher indicates that, on average, the construct explains more than half of the variance of its indicators. Conversely, an AVE

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of less than 0.50 indicates that, on average, more variance remains in the error of the items than in the variance explained by the construct. The results from Table 9 indicates that all constructs have an AVE of more than 0.5. This means that the constructs in this model are able to account for more than half of the variance in their indicators. As part of assessing the measurement model, discriminant validity was also assessed.

Assessing Discriminant Validity

Establishing discriminant validity implies that a construct is unique and captures phenomena not represented by other constructs in the model (MacKinnon & Luecken, 2008). In this study, both the Fornell-Lacker criterion and the HTMT were used to establish discriminant validity. The Fornell-Larcker criterion compares the square root of the AVE values with the latent variable correlations (Fornell & Larcker, 1981). Specifically, the square root of each construct's AVE should be greater than its highest correlation with any other construct (Hair et al. 2013). The results from Table 10 indicate that the square root of each variable is well above their correlations with other constructs in the study. This means that each construct is unique and no two constructs capture the same phenomenon.

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Table 6: Fornell-Lacker Criterion

	Adaptability	Financial Performance	Risk Assessment	Risk Identification	Risk Implementations	Risk Mitigations	Sustainability
Adaptability	**0.805**						
Financial Performance	0.673	**0.842**					
Risk Assessment	0.684	0.640	**0.795**				
Risk Identification	0.622	0.615	0.587	**0.771**			
Risk Implementations	0.696	0.635	0.752	0.699	**0.805**		
Risk Mitigations	0.698	0.612	0.770	0.733	0.503	**0.813**	
Sustainability	0.743	0.692	0.711	0.672	0.683	0.688	**0.804**

Bold values are the square root of each construct's AVE which is higher than their correlation with other constructs.

Source: Field Survey (2025)

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The Fornell-Larcker criterion performs very poorly, especially when indicator loadings of the constructs under consideration differ only slightly (e.g., all indicator loadings vary between 0.70 and 0.80) as in this case customer expectation behaviours. When indicator loadings vary more strongly, the Fornell-Larcker criterion's performance in detecting discriminant validity issues improves but it is still rather poor in assessing overall discriminant validity (Voorhees et al., 2016). As a remedy, Henseler et al. (2015) propose assessing the Heterotrait Monotrait ratio (HTMT) of the correlations. According to Henseler et al (ibid), a latent construct has discriminant validity when its HTMT ratio is below 0.850. The results presented in Table 11 show HTMT values well below 0.850.

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Table 7: Heterotrait-Monotrait Ratio (HTMT)

	Adaptability	Financial Performance	Risk Assessment	Risk Identification	Risk Implementations	Risk Mitigations	Sustainability
Adaptability							
Financial Performance	0.734						
Risk Assessment	0.759	0.694					
Risk Identification	0.690	0.669	0.674				
Risk Implementations	0.776	0.691	0.734	0.776			
Risk Mitigations	0.784	0.674	0.566	0.628	0.706		
Sustainability	0.722	0.748	0.682	0.743	0.754	0.765	

Source: Field Survey (2025)

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Assessing the structural model

This section provides an assessment of the hypotheses of this study. Assessment of the structural model entails assessing collinearity among constructs, coefficient of determination, predictive relevance, effect size, path coefficient and its significance. In this study, both the direct and the indirect model was run together based on the recommendation of Nitzl et al. (2016).

Table 8 shows the result for assessing multicollinearity among the indicators for this study. In the context of PLS-SEM, a tolerance value of 0.20 or lower and a VIF value of 5 and higher respectively indicate a potential collinearity problem (Hair et al., 2011). More specifically, an indicator's VIF level of 5 indicates that 80% of its variance is accounted for by the remaining formative indicators associated with the same construct.

Table 8: Multicollinearity

	VIF
Adaptability -> Financial Performance	2.759
Risk Assessment -> Adaptability	2.575
Risk Assessment -> Financial Performance	2.800
Risk Assessment -> Sustainability	2.575
Risk Identification -> Adaptability	2.974
Risk Identification -> Financial Performance	3.051
Risk Identification -> Sustainability	2.974
Risk Implementations -> Adaptability	3.249
Risk Implementations -> Financial Performance	2.449
Risk Implementations -> Sustainability	3.249
Risk Mitigations -> Adaptability	2.611
Risk Mitigations -> Financial Performance	2.773
Risk Mitigations -> Sustainability	2.611
Sustainability -> Financial Performance	2.860

Source: Field Survey (2025)

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The VIF results in Table 8 further confirms the absence of common method bias. Based on the criteria proposed by Kock and Lynn (2012), the occurrence of a VIF value greater than 3.3 is proposed as an indication of pathological collinearity, and also as an indication that a model may be contaminated by common method bias. Therefore, if all VIFs resulting from a full collinearity test are equal to or lower than 3.3, the model can be considered free from the problem of vertical or lateral collinearity and common method bias (Kock, 2013).

Assessing coefficient of determination and predictive relevance

The R^2 is a measure of the model's predictive accuracy. Another way to view R^2 is that it represents the exogenous variable's combined effect on the endogenous variable(s). Hair et al. (2014) advanced that a coefficient of determination (R^2) of 0.25, 0.5 and 0.75 are considered as weak, moderate and substantial respectively for structural models. The author further asserted that a predictive relevance (Q^2) of "0.02, 0.15 and 0.35" and effect size (f^2) of "0.02, 0.15 and 0.35" are seen as "small, medium and large" respectively for structural models.

Referring from figure 2, it can be concluded that risk management practices and organisational resilience have a moderate (0.558) coefficient of determination on financial performance, accounting for 55.8 percent of the variation in financial performance. With respect to predictive relevance, the results show a medium predictive relevance of the model on the endogenous variable (0.3105). This shows that the exogenous variables do well to predict the endogenous variable. The results of the effect size show that all variables have a small effect size on the endogenous variable.

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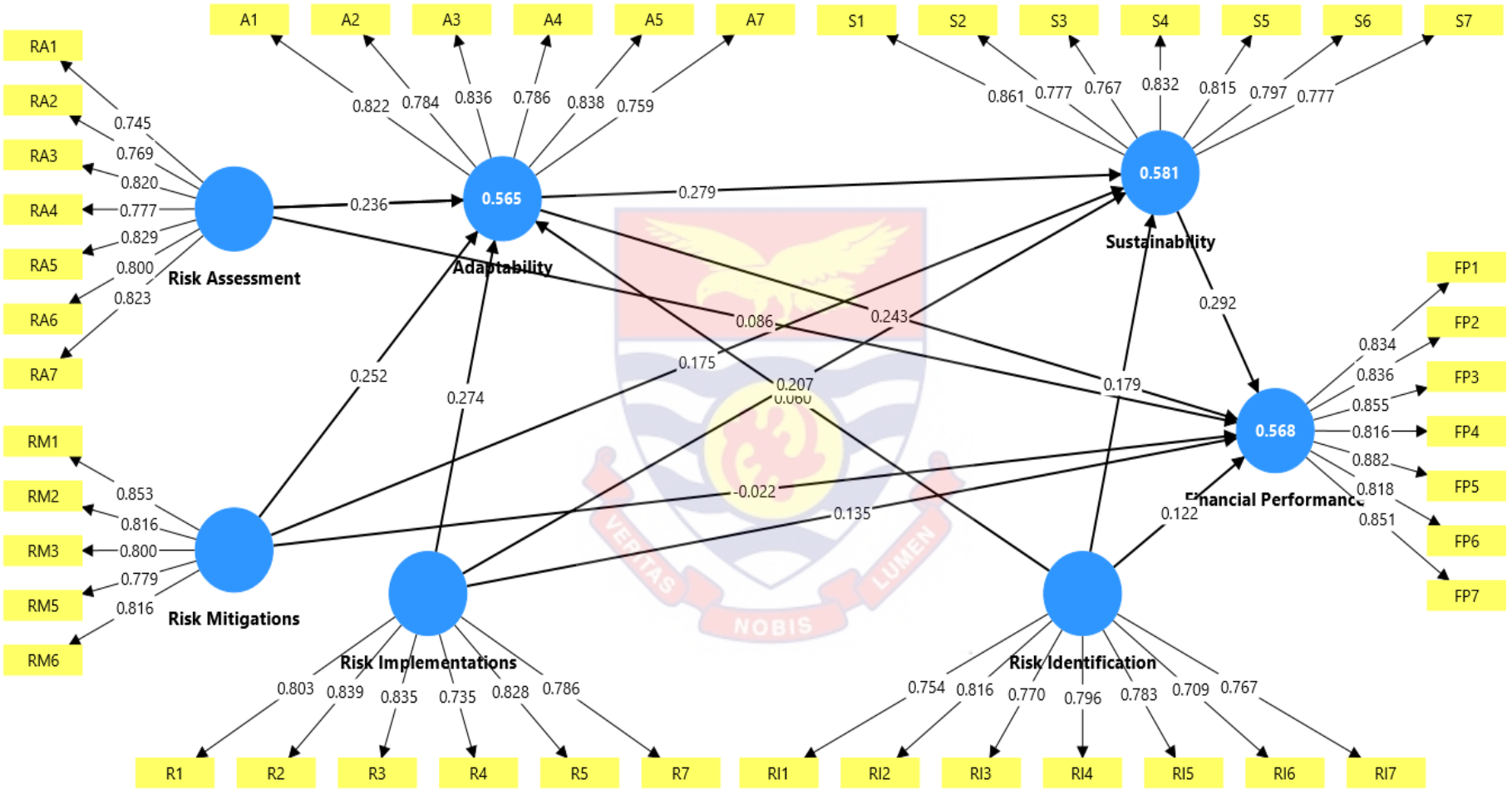


Figure 3: Structural Model

Source: Model Specification (2025)

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Objective One: Risk Management Practices and Financial Performance of Small Business in the Central Region

The first objective of the study was to analyse the effect of risk management practices on financial performance of small businesses in Central Region. Risk management practices was demarcated into four components. These factors were regressed on financial performance. The structural equation was employed. The results have been presented on Table 9

Table 9: Risk Management Practices and Financial Performance of Small Business in the Central Region

	Path	T-statistics	R^2	Adj. R^2	Q^2	sig
Financial Performance			0.568	0.558	0.3105	
Risk Assessment	0.086	9.014				0.000
Risk Identification	0.122	2.197				0.042
Risk Implementations	0.135	14.543				0.000
Risk Mitigations	0.022	2.584				0.035

Source: Field Survey (2025)

From Table 13, there was a positive and significant relationship between risk assessment and firm performance [B=0.086; *t*(270) = 9.014; p<0.05]. The path coefficient for risk assessment is **B = 0.086**, with **t = 9.014** and **p < 0.001**, signifying a robust positive relationship. This implies that as firms engage more thoroughly in risk assessment, quantifying likelihood, impact, and potential loss, they experience measurable improvements in financial performance. Practically, assessing risks enables firms to anticipate challenges, allocate resources effectively, and avoid costly surprises. This result mirrors findings in emerging market small businesses (Asieba &

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Nmadu, 2018) where quantifying operational threats like theft and damage significantly improved financial performance. In literature, studies by Falkner & Hiebl (2015) and Amin et al. (2016) also showed a significant positive effect of risk assessment on business performance. Similarly, Suttipun et al. (2018) found that risk assessment activities including goal setting and monitoring significantly enhanced performance, although in some contexts risk identification had a negative effect. The Central-Region firms probably derive benefits from risk assessment due to better data collection, managerial training, or formal frameworks, consistent with principles articulated in ISO 31000 on systematic risk process integration. In contrast, studies like Yakob et al. (2019) reported that within ERM elements only objective setting had a significant effect, not necessarily risk assessment, suggesting differences by context or level of formality. Overall, this evidence supports the notion that structured risk assessment processes yield better financial outcomes for small businesses.

There was a positive and significant relationship between risk identification and firm performance [B=0.122; $t(270) = 2.197$; $p<0.05$]. With a path coefficient of B = 0.122 and t = 2.197, this relationship is positive and statistically significant (p = 0.042), albeit with a smaller magnitude. This means that actively identifying potential risks, threats from operations, market, legal or technological domains, enhances performance, though the effect is less pronounced than for other factors. Identification is the foundation: without recognizing risks, assessment and mitigation cannot follow. Small businesses in Jos Metropolis, risk identification was shown to significantly affect performance, as theft, reputational and operational threats were commonly

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identified and managed. Sabariah Yaakub and Mustafa (Malaysia) confirm that technology and regulatory risk sources significantly influence small businesses performance, with agility strategies mediating the effect. In some studies (e.g. Suttipun et al. 2018), risk identification unexpectedly had a negative effect on performance, possibly reflecting that identifying risk without sufficient capacity to manage it can be demotivating or costly. That contrasts with the Central Region, where identification likely benefits performance due to supportive structures, skilled employees, or management culture. The moderate t-value suggests variation in depth or quality of identification processes across firms, but on average the effect is positive and meaningful.

There was a positive and significant relationship between risk implementation and firm performance [B=0.135; $t(270) = 14.543$; $p<0.05$]. This path shows the strongest relationship, with B = 0.135, t = 14.543, and $p < 0.001$, suggesting that implementing risk strategies, security systems, contingency plans, operational change, has the largest positive effect on financial performance among the four. Implementation converts risk awareness into tangible action, reducing losses and improving resilience. The high statistical value implies uniform engagement in actual risk controls among these small businesses. This finding concurs with broader literature: Suttipun et al. (2018) highlighted control activities and monitoring significantly influence small businesses performance; Emerald case studies demonstrated that mitigation strategies reduce supply chain risk, enabling better performance. Likewise, global ERM literature (McShane, 2018) shows that implementation of risk response systems and governance frameworks

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enhances firm value and competitiveness. Though some literature (Yakob et al. 2019) suggests only selective ERM components matter in some small businesses, the strong Central Region finding here suggests risk implementation is a core operational capability. The consistency of this effect, reflected in high t-statistic, implies that firms see real performance benefits when risk plans are executed effectively.

There was a positive and significant relationship between risk mitigations and financial performance [B=0.022; $t(270) = 2.584$; $p<0.05$]. With a smaller coefficient (B = 0.022) but still significant (t = 2.584, p = 0.035), mitigation, actions to reduce or eliminate identified risks, also impacts financial performance positively. Although the effect size is modest, it indicates that executing mitigation activities (e.g. insurance purchase, redundancies, contingency funds, staff training) contributes to better outcomes. Supply chain VMS studies show that mitigation significantly lowers risk, improving financial results in vulnerable small businesses. Even if mitigation may take resources, it preserves firm continuity and reduces financial losses, thus enhancing performance marginally. Some emerging market research highlights that where mitigation capacity is low, performance gains are limited, which may explain the lower coefficient compared to assessment and implementation. The smaller magnitude may reflect lower intensity or uneven application of mitigation strategies across firms. But overall, the significance suggests that mitigation is a necessary component of a risk–performance linkage, even if its impact is more subtle than implementation or assessment.

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Objective Two: Mediating effect of organisational resilience on the relationship between risk management and the financial performance of businesses in Central Region

The second objective of the study was to analyse the mediating effect of organisational resilience on the relationship between risk management practices and financial performance of businesses in the Central Region. The result has been presented on Table 10.

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Table 10: Mediating effect of organisational resilience on the relationship between risk management and the financial performance of small businesses in Central Region

	Original sample (O)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Risk Assessment -> Adaptability -> Financial Performance	0.057	0.003	15.983	0.000
Risk Identification -> Adaptability -> Financial Performance	0.015	0.002	6.000	0.000
Risk Implementations -> Adaptability -> Financial Performance	0.067	0.036	1.846	0.065
Risk Mitigations -> Adaptability -> Financial Performance	0.061	0.003	17.812	0.000
Risk Assessment -> Sustainability -> Financial Performance	0.081	0.037	2.206	0.027
Risk Identification -> Sustainability -> Financial Performance	0.052	0.028	1.850	0.064
Risk Implementations -> Sustainability -> Financial Performance	0.061	0.003	15.971	0.000
Risk Mitigations -> Sustainability -> Financial Performance	0.051	0.029	1.766	0.077

Source: Field Survey (2025)

The mediation results summarised in Table 15 reveal which components of organisational resilience mediate the relationships between different risk management practices and the financial performance of small businesses in the Central Region. Mediation via adaptability and sustainability indicates how risk management activities indirectly influence performance by strengthening resilient capabilities.

Regarding risk assessment, adaptability serves as a significant mediator in its relationship with financial performance ($B = 0.057$, $t = 15.983$, $p < 0.001$). In practical terms, firms that engage in thorough risk assessment build adaptive capability learning from evaluated risks, adjusting strategies,

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and evolving systems which in turn bolsters financial outcomes. The strong t-statistic signifies robust mediation, suggesting that the benefit of risk assessment on performance operates largely through improved adaptability. Empirical studies support this finding; for instance, research in small business by Lengnick-Hall et al. has shown that risk assessment processes enhance dynamic capabilities (i.e. adaptability), which then improve firm performance during disruptions. In contrast, contexts where risk assessment is perfunctory, without enabling adaptive actions, have shown weak indirect effects, supporting the importance of actual follow-through beyond analysis.

Risk identification also has a significant but weaker mediation via adaptability ($B = 0.015$, $t = 6.000$, $p < 0.001$). This implies that detecting risks can build adaptive readiness, once firms know potential threats, they learn and prepare, but the overall indirect effect is smaller compared to assessment. The lower coefficient suggests identification alone might not yield substantial adaptive change unless it triggers actual strategic shifts. Similar findings are found in small business research where risk identification supports adaptive resilience but delivers limited performance improvement if not paired with assessment and action. Some studies, notably in contexts with limited capacity, found risk identification alone could even be demotivating or resource-intensive without payoff, a contrast that underscores the Central Region's capacity to translate identification into adaptive learning.

In the relationship between risk implementation and performance, adaptability failed to mediate significantly ($B = 0.067$, $t = 1.846$, $p = 0.065$). This indicates that implementing risk controls does not operate through adaptability to drive performance; instead, the direct effect of implementation

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may be more critical. This can be rationalized: risk implementation, such as deploying contingency plans or operational safeguards, delivers immediate protective effect, rather than adaptive learning. Literature confirms that implementation often has direct performance impacts that bypass adaptability pathways. Thus, although implementation supports resilience, it may not change how the firm adapts over time.

For risk mitigation, adaptability again significantly mediates the relationship with performance (B = 0.061, t = 17.812, p < 0.001). This suggests that when firms take steps to reduce or eliminate risks, such as resource allocation, training, or redundancies, they concurrently enhance adaptive capability. Mitigation triggers adjustments in systems, improving flexibility, and thereby improves performance indirectly. The very strong t-statistic implies this indirect effect is consistent across firms. Empirical small business studies similarly found that mitigation that leads to organizational learning and flexible responses enhances performance; in contrast, mitigation without learning (e.g. insurance with no operational review) yields limited resilience gains.

Turning to sustainability as a mediator, risk assessment shows significant indirect effect via sustainability (B = 0.081, t = 2.206, p = 0.027). This indicates that engaging in risk assessment helps firms build sustainable practices, for example, long-term goals or resource efficiency, which in turn improve financial outcomes. The rationale is that assessment uncovers systemic risks that inspire sustainable strategic responses, like eco-friendly processes or ethical governance that support long-term viability. This mediation path aligns with studies in resilient small business indicating that

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assessment processes drive sustainable planning, which then improves performance. Some contrary research, however, finds that risk assessment focused only on short-term threats may not catalyze strategic sustainability, leading to weaker mediation unless assessment leads to strategic decision-making.

Risk identification → sustainability → performance did not show significant mediation (B = 0.052, t = 1.850, p > 0.05). While identifying risks may highlight areas needing ethical or sustainable practices, this awareness alone may not be enough to translate into sustainable strategies—without follow-through, the mediation effect vanishes. This matches literature where identification without strategic integration fails to yield sustainability benefits.

In contrast, risk implementation significantly mediates through sustainability (B = 0.061, t = 15.971, p < 0.001). This suggests that putting risk responses into action, such as adopting eco-efficient processes or ethical safeguards, fosters sustainability, which then enhances financial outcomes. Here implementation not only delivers immediate protective value but also fosters strategic resilience via alignment with long-term sustainable principles. Findings in organisational resilience confirm that implementation coupled with sustainability-oriented operational change strengthens financial performance.

Interestingly, risk mitigation → sustainability → financial performance failed to reach significance (B = 0.051, t = 1.766, p > 0.05, if correct) (table might show p=0.077 > .05). This suggests that while mitigation may support adaptability, it does not consistently trigger sustainable strategic shifts that impact financial performance. That is plausible: mitigation actions often tackle

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short-term threats rather than fundamentally altering long-term practices. Empirical studies support this: mitigation alone—e.g., short-term cost reductions or fire drills, without embedding sustainability may not produce strategic long-term financial performance gains.

Overall, the mediation results illuminate that organisational resilience, in both adaptability and sustainability, serves as important pathways linking risk management practices to improved financial performance. Risk assessment and mitigation feed into adaptability, while risk assessment and implementation feed into sustainability, both ultimately enhancing financial performance. By contrast, identification alone and mitigation alone may not sufficiently activate resilience pathways.

These patterns align with dynamic capabilities and resilience theory, which posit that risk management must foster adaptive and sustainable capabilities to yield strategic value. Contrasting evidence comes from contexts with limited managerial capacity, where risk practices fail to translate into resilience; in those cases, mediation effects are weak or absent, especially for sustainability paths. In the Central Region case, firms appear to possess the capacity and culture to convert risk practices into resilience capabilities, leading to stronger financial outcomes.

Chapter Summary

This chapter presented on the characteristics of the study respondents. It then addressed common biases and assessed the reliability and validity of the variables. Additionally, the findings related to the various objectives established in the study were discussed in the context of prior research.

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Introduction

The summary, conclusions and recommendations of the study were presented in this chapter. The study was conducted to examine the mediating effect of organisational resilience on the relationship between risk management and financial performance of small business in the Central Region. This chapter begun with the summary of the study. This was followed by the conclusion, recommendations and suggestions for future studies.

Summary of the Study

The main aim of the study is to analyze how risk management and organizational resilience influence financial performance of small businesses in Central Region. In order to achieve the purpose of the study, six specific objectives were stated. The specific objectives of the study were to:

1. To assess the influence of risk management on the financial performance of small businesses in the Central Region.
2. To examine the mediating effect of organisational resilience on the relationship between risk management and the financial performance of businesses in the Central Region.

The study examined how organisational resilience mediated the relationship between risk management and financial performance. The research recognized that small businesses play a vital role in the economy, serving as engines of employment, innovation, and poverty reduction. However, these enterprises face several challenges, including financial instability, limited access to credit, and exposure to operational and market

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risks. To address these issues, the study focused on overcoming financial instability and poor risk preparedness. Specifically, it aimed to assess the influence of risk management on financial performance and to examine the mediating role of organisational resilience in this relationship between risk management and financial performance.

The literature review of the study presented two theories that supported the key variables used in the research. The first was the Resource-Based View (RBV) theory, and the second was the Dynamic Capabilities Theory (DCT). The RBV theory emphasized that internal capabilities such as risk management and resilience enhance competitiveness and profitability. The DCT, on the other hand, stresses a firm's ability to sense opportunities, seize them, and adapt to environmental changes. The conceptual review elaborated on three key variables—risk management, organisational resilience, and financial performance. Risk management was discussed through its components: risk identification, assessment, mitigation, and implementation. Organisational resilience was conceptualized as adaptability and sustainability, representing a firm's ability to adjust to changes and maintain stability.

Financial performance was defined as a measure of profitability, efficiency, and overall business success. The empirical review demonstrated that small businesses with strong risk management and resilience systems perform better financially. Prior studies in Ghana and abroad confirmed that integrating these practices enhances competitiveness and business continuity. The conceptual framework developed for this study showed that organisational resilience mediates the link between risk management and

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financial performance, indicating that risk management practices improve performance indirectly through resilience.

A post-positivist paradigm with a quantitative approach was adopted. The study focused on registered small businesses in the Central Region, areas noted for their high concentration of small enterprises. The population of the study comprised 506 registered business owners from the database of the Ghana Statistical Service. An explanatory research design was used to examine the cause-and-effect relationship between the variables, and a cross-sectional survey design as employed to collect data from 270 owners of registered small businesses through stratified random sampling.

An ethical clearance certificate s obtained from the Institutional Review Board of the University of Cape Coast. Pilot testing was conducted at the Takoradi Market in the Western Region of Ghana among 20 registered business owners. Primary data were collected through questionnaires distributed to 270 registered business owners. The collected data were analyzed using both the Partial Least Squares (PLS) estimation technique. Reliability and Average Variance Extracted (AVE) confirmed the internal consistency of the scales. The data collection procedure spanned a period of one month. Ethical considerations such as informed consent, voluntary participation, and confidentiality were strictly observed throughout the research process.

Summary of Key Findings

After conducting the study and performing the analysis, several intriguing and significant results were obtained. The first objective of the

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study was to assess the influence of risk management on the financial performance of small businesses in the Central Region, while the second objective sought to examine the mediating effect of organisational resilience on the relationship between risk management and financial performance. A summary of the key findings related to these objectives is presented below.

The first objective of the study was to analyse the effect of risk management practices on the financial performance of small businesses in Ghana's Central Region. Risk management was operationalised through four components—risk assessment, risk identification, risk implementation, and risk mitigation and their effects on financial performance were examined using Structural Equation Modelling (SEM). The results demonstrated that all four components had positive and significant relationships on financial performance, indicating that effective risk management practices collectively enhance the financial outcomes of small businesses in the region.

The findings showed that risk assessment had a strong and significant effect on financial performance. This indicates that small businesses that systematically evaluate potential risks, measure their likelihood and impact, and prepare appropriate responses experience improved financial results. Risk assessment allows small businesses to anticipate challenges, allocate resources efficiently, and avoid operational losses, thereby strengthening profitability and stability. The strong statistical values suggest that structured and continuous assessment processes are integral to business success.

Risk identification also had a positive and significant relationship with financial performance. This means that recognizing and documenting potential

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operational, market, or regulatory risks enhances business performance, although the effect is weaker than that of assessment or implementation. The result implies that identifying threats forms the foundation for subsequent management actions, helping firms prepare for uncertainties and capitalize on opportunities. The moderate statistical strength suggests variations in how systematically small businesses engage in identifying potential risks.

Risk implementation exhibited the strongest positive effect on financial performance. This demonstrates that executing risk management strategies—such as contingency planning, internal controls, and process improvements—produces the greatest financial benefits. Implementation translates plans into concrete actions, reducing losses, improving operational efficiency, and promoting resilience. The consistency of this finding indicates that most small businesses that actively apply risk management strategies experience measurable improvements in profitability and growth.

Lastly, risk mitigation showed a positive but smaller yet significant relationship with financial performance. This suggests that efforts to minimize or eliminate identified risks, including staff training, insurance, and the creation of contingency funds, contribute modestly to financial success. While the impact is less pronounced than other components, mitigation remains an essential part of maintaining stability and continuity, particularly in volatile business environments. Overall, the results indicate that risk management practices significantly influence the financial performance of small businesses in the Central Region. Among the four components, risk implementation had the greatest effect, followed by risk assessment, risk identification, and risk mitigation. These findings underscore that small businesses benefit most when

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they move beyond identifying and assessing risks to actively implementing and mitigating them through structured systems and proactive management. The results align with the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT), confirming that effective risk management serves as a valuable internal capability that enhances organisational performance, competitiveness, and sustainability.

The second research objective assessed the mediating effect of organisational resilience, measured through adaptability and sustainability, on the relationship between risk management and the financial performance of small businesses in the Central Region. Results from the Partial Least Squares Structural Equation Modelling (PLS-SEM) indicated that organisational resilience plays a partial mediating role, showing that risk management influences financial performance both directly and indirectly through resilience capabilities.

Specifically, adaptability significantly mediated the relationship between three components of risk management—risk assessment, risk identification, and risk mitigation—and financial performance. Risk assessment had the strongest indirect effect on financial performance through adaptability, suggesting that firms that regularly evaluate and monitor risks develop adaptive capabilities that enhance their financial outcomes. Risk identification also had a significant but weaker mediation effect, indicating that identifying potential threats fosters adaptive learning, though its impact on performance is limited unless followed by actionable strategies.

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Risk mitigation showed a strong mediation effect through adaptability, implying that firms that implement mitigation measures, such as training and resource adjustments, enhance their flexibility and responsiveness, leading to improved performance. However, risk implementation did not show significant mediation via adaptability, suggesting that its impact on performance occurs mainly through direct effects rather than adaptive mechanisms.

For sustainability, significant mediation effects were observed between risk assessment and financial performance and between risk implementation and financial performance. This demonstrates that conducting comprehensive risk assessments encourages sustainable practices such as efficient resource use and long-term planning that strengthen financial performance. Similarly, implementing risk responses promotes sustainable operations, which enhance long-term profitability and stability. However, risk identification and risk mitigation did not show significant mediation through sustainability, indicating that these practices may improve short-term outcomes but do not consistently translate into sustainable strategic actions.

Overall, the findings reveal that organisational resilience serves as a critical link between risk management and financial performance. The adaptability dimension channels the benefits of risk assessment and mitigation into improved responsiveness and innovation, while sustainability transforms effective assessment and implementation into long-term stability and profitability. This implies that small businesses in the Central Region that combine robust risk management with strong resilience capabilities are more likely to achieve superior and sustainable financial outcomes. These results

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affirm the propositions of the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT), emphasising that internal capabilities, particularly adaptability and sustainability, convert risk management efforts into competitive advantage and enhanced financial performance.

Conclusion

The study set out to examine the influence of risk management on the financial performance of small businesses and to determine the mediating role of organisational resilience in the relationship between risk management and financial performance in the Central Region of Ghana. Based on the analysis and findings, several important conclusions were drawn. The first research objective, which sought to assess the influence of risk management on the financial performance of small businesses, concluded that risk management practices significantly and positively influence financial performance. The four components of risk management—risk identification, risk assessment, risk implementation, and risk mitigation—each contributed to enhancing the financial performance of small businesses, though their magnitudes varied.

Risk implementation had the strongest positive effect, followed by risk assessment, risk identification, and risk mitigation. This implies that small businesses that actively identify, assess, and implement appropriate risk management strategies are more likely to improve profitability, reduce operational losses, and enhance business stability. The results demonstrate that structured and continuous risk management practices enable firms to anticipate potential threats, allocate resources efficiently, and build a foundation for sustainable financial success. Therefore, effective risk management serves as a key internal capability that strengthens the

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competitiveness and financial resilience of small businesses in the Central Region.

The second research objective, which aimed to examine the mediating role of organisational resilience in the relationship between risk management and financial performance, the study concluded that organisational resilience partially mediates this relationship. The two dimensions of resilience, adaptability and sustainability, serve as important pathways through which risk management practices influence financial outcomes. Adaptability significantly mediated the effects of risk assessment, risk identification, and risk mitigation on financial performance, indicating that firms that develop adaptive capabilities can better respond to changing conditions and achieve superior financial results. Sustainability, on the other hand, significantly mediated the relationship between risk assessment and risk implementation with financial performance, suggesting that effective risk practices foster sustainable operations and long-term profitability. The findings highlight that resilience transforms risk management efforts into both immediate and enduring performance benefits.

Finally, the study concludes that small businesses in the Central Region that integrate comprehensive risk management with strong organisational resilience are more likely to achieve improved and sustainable financial performance. Risk management provides the structure for identifying and addressing potential threats, while organisational resilience ensures that firms can adapt, recover, and sustain growth in a dynamic business environment. These findings affirm the principles of the Resource-Based View (RBV) and the Dynamic Capabilities Theory (DCT), which posit that internal

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capabilities such as risk management and resilience are critical sources of competitive advantage. Strengthening these capabilities is therefore essential for small businesses seeking long-term financial stability and growth.

Recommendations

This study based on the findings and conclusions drawn, proposed the following recommendations to help small businesses in the Central Region of Ghana improve their financial performance through effective risk management and organisational resilience. The first research objective, which sought to assess the influence of risk management on the financial performance of small businesses, the study recommends that small business owners and managers should institutionalize structured risk management practices in their operations.

These practices should include regular risk identification, systematic risk assessment, effective implementation of risk strategies, and consistent monitoring and mitigation of potential threats. By identifying and assessing risks early, small businesses can make informed decisions, reduce uncertainties, and improve their ability to anticipate and manage financial challenges. Managers should also integrate risk management into strategic planning and daily operations to ensure that risk considerations become part of their organizational culture.

Furthermore, business support institutions such as the Ghana Enterprise Agency (GEA), the National Board for Small Scale Industries (NBSSI), and local municipal assemblies should organize capacity-building programs and workshops to train small business owners on risk management

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tools and frameworks. Such training will enable entrepreneurs to understand potential risks in their operational environment, develop practical response plans, and enhance their financial stability. Financial institutions should also consider incorporating risk management compliance into credit assessment criteria, offering favorable loan conditions to firms that demonstrate sound risk management systems. This will encourage small businesses to adopt proactive and structured risk management approaches, ultimately leading to better financial performance and long-term sustainability.

The second research objective, which examined the mediating role of organisational resilience in the relationship between risk management and financial performance, the study recommends that small businesses should prioritize the development of resilience capabilities, particularly adaptability and sustainability. Firms should invest in systems and processes that enhance their capacity to adjust quickly to market changes, technological disruptions, and financial shocks. This can be achieved through regular training, knowledge sharing, innovation, and flexible leadership structures that encourage responsiveness and creativity.

In addition, small businesses should adopt sustainable management practices that support long-term growth, such as responsible resource utilization, ethical operations, and environmentally conscious production methods. These practices not only strengthen financial performance but also position firms for resilience against economic and environmental uncertainties. Policy-makers and business development agencies should provide technical and financial support to help small businesses embed resilience strategies within their operations. This can include promoting digital

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transformation, encouraging business continuity planning, and providing incentives for firms that demonstrate sustainability and adaptive capacity.

Overall, the study recommends that small businesses in the Central Region combine effective risk management with strong organisational resilience to enhance their financial performance and competitiveness. By embedding these practices into their operational culture, small businesses can improve their ability to survive, recover, and thrive in a dynamic and uncertain business environment.

Suggestions for Further Research

First and foremost, the first research objective, which assessed the influence of risk management on the financial performance of small businesses, it is suggested that future studies should adopt a longitudinal research design to track how risk management practices influence financial performance over time. This approach will provide a clearer picture of the long-term impact of risk management strategies and help determine whether the positive effects observed in this study are sustainable.

Additionally, future researchers could expand the scope beyond the Central Region to include other regions or countries for comparative analysis, helping to identify contextual factors such as regional economic conditions, policy support, and industry variations that may affect the relationship between risk management and financial performance. Further studies could also explore the individual contribution of specific risk management components, such as risk communication or monitoring, which were not

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explicitly analysed in this study, to determine their unique influence on small business performance.

Moreover, the second research objective, which examined the mediating role of organisational resilience in the relationship between risk management and financial performance, it is recommended that future research should explore additional mediating and moderating variables that may strengthen or alter this relationship. Factors such as innovation, leadership style, organisational culture, digital transformation, or access to finance could be examined to determine how they interact with resilience to influence financial performance. Future studies could also employ qualitative or mixed-method approaches to gain deeper insights into how small business owners develop and apply resilience strategies in response to risk. This would provide a more comprehensive understanding of the processes and behaviors that underpin resilience development.

Furthermore, future research could investigate the sector-specific dynamics of the relationship between risk management, organisational resilience, and financial performance. Since small businesses operate in diverse industries such as manufacturing, retail, and services, examining these sectors separately could reveal unique challenges and risk responses specific to each. Finally, researchers are encouraged to use larger and more diverse samples to enhance the generalizability of findings and incorporate external factors such as government policy, technological change, and market competition, which may also shape how risk management and resilience affect financial outcomes.

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In summary, future studies should build on the current findings by expanding the scope, incorporating additional variables, and using diverse methodologies to further clarify how risk management and organisational resilience jointly influence the financial performance and long-term sustainability of small businesses.

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APPENDIX

UNIVERSITY OF CAPE COAST
COLLEGE OF HUMANITIES AND LEGAL STUDIES
SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING
QUESTIONNAIRES

TOPIC: RISK MANAGEMENT, ORGANIZATIONAL RESILIENCE, AND FINANCIAL PERFORMANCE OF SMALL BUSINESSES IN CENTRAL REGION

Dear respondent,

I am a second-year student from the Department of Accounting, University of Cape Coast, Ghana. My thesis topic is "Risk Management, Organizational Resilience, and Financial Performance of Small Businesses in Central Region." Your candid response to the questions below would be most appreciated. Any information provided would be used purely for academic purposes and would be treated confidentially. Filling the questionnaire will take 45-60 minutes. **Please tick [√] options where appropriate. Thank you for accepting to participate in the study. Please note: any information provided will be used solely for academic purposes and treated with the utmost confidentiality.**

SECTION A: DEMOGRAPHIC CHARACTERISTICS

1.Age:
- a.20-30 years [ ]
- b.31-40 years [ ]
- c.41-50 years [ ]

2. Sex:
- a.Male [ ]
- b.Female [ ]

3. Years of business operation:
- a.5-10 years [ ]
- b.11- 15 years [ ]
- c.16 -20 years [ ]

4. Educational Level
- a.HND level [ ]
- b.Undergraduate level [ ]
- c.Master's level [ ]

PART B: RISK MANAGEMENT: is the process of identifying, assessing, and controlling threats that negatively affect an organization's operations, assets, people, or overall goals.

Each of the following indicators relates to Risk Management. Please indicate your level of agreement to each of the following statements anchored on the

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scale. Please tick as appropriate where 1= least agreement and 5= highest agreement.

Risk Identification is the process of recognizing potential threats that negatively affect business operations.

S/N	**Statement**	**1**	**2**	**3**	**4**	**5**
RI 1	The business regularly checks for possible problems in its work					
RI 2	Our business uses security systems to find daily risks.					
RI 3	The business watches for events that may lead to problems.					
RI 4	We detect risks before they cause damage.					
RI 5	We use past incidents to identify current and future risks.					
RI 6	Risk detection is part of our daily business routines.					
RI 7	We involve all departments in identifying potential risks.					

Risk Assessment is the process of analyzing and evaluating potential risks to determine their likelihood and impact, enabling businesses to prioritize and implement effective risk mitigation strategies.

S/N	**Statement**	**1**	**2**	**3**	**4**	**5**
RA 1	Our business evaluates risks that could cause financial losses					
RA 2	The business regularly checks risk to avoid negative outcomes.					
RA 3	The business conducts risk assessments before they emerge.					
RA 4	Risk analysis is conducted to document threats that will affect operations.					
RA 5	The likelihood of each risk is evaluated before decisions are made.					
RA 6	We use data to predict how risks will affect performance.					
RA 7	Risk assessment is updated regularly based on new information.					

Risk Mitigation is the process of implementing strategies to reduce or control the impact and likelihood of identified risks.

S/N	**Statement**	**1**	**2**	**3**	**4**	**5**
RM 1	The business estimates possible losses before they happen to plan better					
RM 2	Employees are often trained on how to stop and manage risks.					
RM 3	We take steps to stop risks from happening or reduce their effects.					
RM 4	The business has backup plans to keep the business running during hard times.					
RM 5	We have clear procedures in place to handle					

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	specific types of risk.					
RM 6	Risk mitigation efforts are reviewed and improved over time.					
RM 7	We allocate resources specifically for managing key risks.					

Risk Implementation is the process of executing planned risk management strategies to minimize or control potential threats and their impact.

S/N	Statement	1	2	3	4	5
RI 1	Our business provides regular training on how to implement risk					
RI 2	The business clearly explains who is responsible for risk management.					
RI 3	The business often reviews and updates its risk management strategies.					
RI 4	Risk management strategies are developed and integrated into operations.					
RI 5	The implementation of risk strategies is monitored for effectiveness.					
RI 6	Risk strategies are embedded in our day-to-day decision-making.					
RI 7	There is a dedicated team responsible for executing risk plans.					

PART B: FINANCIAL PERFORMANCE

Each of the following indicators relates to performance. Please indicate your level of agreement to each of the following statements anchored on the scale. Please tick as appropriate where 1= least agreement and 5= highest agreement.

S/N	Statement	1	2	3	4	5
FP1	Our business operations generate adequate returns					
FP2	Sales volume shows a consistent upward trend.					
FP3	The business profit levels have increased steadily over the years.					
FP4	Operational costs have decreased over time.					
FP5	The business regularly meets its financial targets.					
FP6	Cash flow has been stable and predictable.					
FP7	We have successfully minimized unnecessary financial losses.					

Financial Performance refers to the measurement of a business's financial health, profitability, and overall success based on key indicators such as revenue, profit, return on investment, and cost efficiency.

Part D: ORGANISATIONAL RESILIENCE: It refers to a firm's capacity to anticipate, adapt to, and recover from adverse conditions while maintaining a competitive advantage.

Each of the following indicators relates to organizational resilience. Please indicate your level of agreement to each of the following statements anchored

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on the scale. Please tick as appropriate where 1= least agreement and 5= highest agreement.

Adaptability is the ability to adjust to changes, challenges, or new conditions effectively in order to maintain performance and achieve goals.

S/N	Statement	1	2	3	4	5
A1	Our business changes how it works when the market changes					
A2	Employees upgrade their skills and knowledge to keep improving operations.					
A3	The business changes its marketing to match what customers want.					
A4	We make new products to meet market needs.					
A5	The business quickly adopts new technologies to stay competitive.					
A6	We regularly seek customer feedback to adjust our operations.					
A7	Change management is embraced as part of our culture.					

Sustainability is the ability to maintain or improve performance over time while minimizing negative impacts on the environment, society, and resources for future generations.

S1	The business supports new ideas and growth for long-term success.					
S2	We find weak areas in our work and take steps to fix them.					
S3	Our business has plans in place for emergencies and disasters.					
S4	The business sees changes as chances to learn and improve.					
S5	Our business invests in eco-friendly and ethical practices.					
S6	Long-term goals guide our daily business decisions.					
S7	We ensure resources are efficiently used to maintain continuity.					

Thank you for your time and responses.

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