Risk and Profitability Synergy: Evaluating Igara Tea Factory Ltd's Financial Performance in Uganda

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DOI: https://dx.doi.org/10.47772/IJRISS.2024.8100176

Received: 31 October 2024; Accepted: 07 November 2024; Published: 13 November 2024

ABSTRACT

Financial performance serves as a vital measure of organizational success, particularly within the agricultural sector, where various external elements can influence profitability. This research focused on risk assessment strategies at Igara Tea Factory Ltd in Uganda and examined how these strategies impact financial performance. The study was grounded in Risk Management Theory and employed a quantitative research approach, utilizing a correlational research design. The population consisted of 58 individuals, and a sample size of 50 respondents was determined using Slovin's formula. Sampling methods included purposive, stratified, and simple random sampling to select participants. Data collection was done through structured, self-administered questionnaires, with questions framed on a Likert scale ranging from 1 to 5. A pilot test, conducted with 5 respondents, was used to assess the validity and reliability of the questionnaire items. Descriptive and inferential statistics were applied during data analysis, which involved computing simple linear regression and Pearson correlation using SPSS Version 25. Results showed an insignificant positive relationship between risk assessment and financial performance ($t=1.869$, $p=.063$, $p>0.05$). The findings indicated that while risk assessment is positively linked to financial performance in tea firms, the relationship is not statistically significant ($t=2.091$, $p=0.063>0.05$), implying that risk assessment alone may not strongly predict financial success. The recommendation is for tea firms to incorporate additional strategic elements such as market analysis and operational efficiency improvements alongside risk assessment to boost financial performance. The relevance of this study to policymakers is the realization that, while risk assessment contributes positively to financial outcomes, it may not be sufficient by itself to achieve substantial financial success, underscoring the need for policies that include complementary strategies.

Keywords: Risk Assessment; Financial Performance, Strategies, Profitability**,** Tea Factory

INTRODUCTION

The financial performance of tea industries plays an essential role in determining their sustainability and growth potential within the competitive global market. Effective financial assessments require examining several key factors, including revenue generation, cost control, and profit margins, which are vital for understanding the industry's overall health (Kumar et al., 2022). The connection between financial performance and risk assessment is also important, as the tea industry is exposed to multiple uncertainties such as climate change, market fluctuations, and geopolitical challenges (Agarwal & Jain, 2021). Implementing risk assessment tools allows tea companies to identify potential financial threats and adopt proactive strategies to mitigate these risks. Recognizing the dynamic relationship between financial performance and risk assessment is essential for stakeholders aiming to improve both resilience and profitability in the tea industry (Nguyen et al., 2024).

In recent years, the Turkish tea industry has experienced notable changes, enhancing its performance both domestically and internationally. Increased domestic consumption, driven by a deep cultural connection to tea, has supported steady production growth, positioning Turkey as a global leader in black tea production. Government support through financial incentives and infrastructure improvements has further boosted production efficiency and quality, while investments in modern processing technologies have raised product standards, allowing Turkish tea to compete more effectively in international markets (Yıldırım & Özdemir, 2022). However, the industry faces significant challenges, particularly from climate change, which brings unpredictable weather patterns and rising temperatures, affecting both tea quality and yield (Koç & Akın, 2023). Economic instability, including high inflation and currency volatility, has strained producers by raising production costs and narrowing profit margins. To address these issues, the industry has adopted strategies such as sustainable agricultural practices, including soil conservation and water management, to mitigate climate-related risks (Erdal & Tekin, 2023). Efforts to develop climate-resilient tea varieties and improve cultivation techniques through research and development, as well as diversifying export markets, have also been prioritized to reduce reliance on traditional markets and enhance global competitiveness. These initiatives aim to build resilience while strengthening Turkey's global market position (Demirtaş et al., 2024).

In Brazil, the tea industry has seen significant developments, especially in the production and marketing of specialty teas. Traditionally focused on mate and black tea, Brazil has expanded into high-quality green teas and herbal infusions, driven by growing demand for wellness products domestically and internationally (Cavalcanti & da Silva, 2021). The rising consumer preference for organic and sustainably sourced teas reflects an increasing awareness of health and environmental concerns, supported by Brazil’s favorable climate and geography, which enhance its ability to produce diverse tea varieties and strengthen its global market position (Oliveira et al., 2023). However, the industry faces challenges, particularly from climate change, with unpredictable weather patterns such as droughts and heavy rains negatively impacting yields and quality (Gonzalez et al., 2022). Economic pressures, including inflation and currency instability, have raised production costs, squeezing profit margins, while competition from established producers like China and India remains formidable due to their strong supply chains and brand recognition. In response, Brazilian producers have embraced organic farming practices to improve soil quality and reduce reliance on chemical inputs (Cavalcanti & da Silva, 2021), while research efforts focus on developing tea cultivars resilient to climate stresses (Oliveira et al., 2023). Marketing strategies have also evolved, with branding initiatives, improved packaging, and the promotion of mate’s cultural significance and the health benefits of herbal teas gaining traction (Gonzalez et al., 2022). These strategic efforts, centered on sustainability, are expected to enhance Brazil’s market presence and secure the industry's future in a competitive global market (Cavalcanti & da Silva, 2021).

The tea manufacturing industry in India has undergone substantial advancements, particularly in response to the rising global demand for premium and specialty teas. Prominent tea-producing areas such as Assam and Darjeeling have concentrated on improving the quality and sustainability of their production methods, leading to the establishment of numerous organic and Fair Trade-certified plantations (Bhattacharya et al., 2021). The adoption of innovative processing techniques has represented a significant milestone, enabling producers to craft distinctive blends and flavours that align with shifting consumer preferences (Kumar & Singh, 2023). The industry continues to grapple with challenges, including price volatility, the effects of climate change, and competition from other tea-exporting countries (Rani et al., 2022). Stakeholders have implemented various strategies to address these challenges, such as investing in climate-resilient tea cultivation methods and enhancing marketing campaigns that target health-conscious consumers (Mehta & Agarwal, 2023). Additionally, government initiatives that promote research and development in tea production have strengthened the industry's ability to adapt and succeed (Chatterjee et al., 2024). Focusing on sustainability and quality will enable the Indian tea industry to solidify its status as a leading global player while effectively tackling emerging challenges.

The tea manufacturing industry in South Africa has experienced notable progress, particularly with the rising interest in indigenous tea varieties such as Rooibos and Honeybush, renowned globally for their distinct

flavours and health advantages (Khan et al., 2021). The establishment of the Rooibos Council marks a significant milestone, actively promoting sustainable agricultural practices and ensuring the quality of Rooibos tea while improving global marketing initiatives (Schneider et al., 2022). Additionally, a notable increase in small-scale tea producers focusing on organic and premium offerings reflects the growing consumer demand for health-oriented alternatives (Tshabalala & Naidoo, 2023). The industry also confronts various challenges, including climate change, water shortages, and competition from well-established tea-exporting nations (Mogorosi et al., 2023). To address these challenges, stakeholders invest in sustainable farming techniques, such as rainwater harvesting and organic cultivation, aiming to enhance resilience against climate fluctuations (Ngwenya & Nkosi, 2024). Furthermore, implementing marketing strategies that highlight the health benefits and distinctive characteristics of South African teas can bolster their visibility in the international market (Petersen & Ellis, 2023). By focusing on sustainability and quality, the South African tea industry aims to reinforce its position as a key player in the global tea market while effectively tackling emerging challenges.

The tea manufacturing sector in Uganda has undergone significant advancements in recent years, primarily due to government initiatives aimed at promoting tea as an essential cash crop and the establishment of multiple tea estates, especially in areas like Kisoro and Kabarole (Mugisha et al., 2021). Key milestones encompass the introduction of high-yielding tea varieties and the adoption of modern agronomic techniques, leading to increased production and enhanced quality of Ugandan tea (Kakooza et al., 2022). Additionally, initiatives supporting organic tea cultivation have gained momentum, reflecting global sustainability trends and rising consumer demand for organic products (Amanya & Mugisha, 2023). The industry still faces challenges, including climate change, limited access to quality agricultural inputs, and fluctuations in international market prices that jeopardise profitability (Obua et al., 2023). To address these challenges, stakeholders are directing investments towards research and development for climate-resilient tea varieties and improving infrastructure to enhance market access (Wanyama & Muwanguzi, 2024). Strengthening marketing strategies to showcase the unique qualities and characteristics of Ugandan tea can further enhance its competitive position in the global market (Nabwire et al., 2022). By focusing on quality and sustainability, Uganda’s tea industry aims to navigate its challenges and establish a prominent presence in the international tea arena.

Uganda's tea industry has experienced considerable progress in recent years, driven by market opportunities and a growing focus on sustainable agriculture. The country has established itself as one of Africa's top tea producers by capitalizing on its favorable climate and fertile soils to boost production. The Uganda Tea Development Authority (UTDA) has introduced initiatives aimed at improving tea quality through enhanced agronomic practices and the promotion of high-yield varieties (Kakande, 2021). Additionally, the shift toward organic tea production is in response to increasing global consumer demand for sustainably sourced products. This strategic move not only meets market expectations but also promotes environmental conservation by reducing the use of chemicals. These efforts underscore the industry's dedication to boosting productivity while aligning with international sustainability objectives (Mugisha et al., 2022).

The tea industry in Uganda faces ongoing challenges, particularly fluctuating market prices, which threaten farmers' income stability. The volatility of global tea prices often exposes farmers to exploitation by intermediaries, resulting in reduced earnings (Mugisha et al., 2022). In response, the Ugandan government, through the Uganda Tea Development Authority (UTDA), has supported price stabilization efforts by promoting farmer cooperatives. These cooperatives provide farmers direct access to markets, bypassing intermediaries and ensuring fairer profit distribution (Kakande, 2021). This initiative enhances pricing transparency and empowers farmers to secure better market terms, ultimately improving their economic well-being (Mugisha et al., 2022). The COVID-19 pandemic exacerbated these issues by disrupting supply chains and limiting market access, with labor shortages and logistical challenges further impeding production and exports (Otim et al., 2022). However, the industry's adoption of digital technologies has facilitated trade and communication, enabling more efficient transactions and mitigating the effects of pandemic-related restrictions (Mugisha et al., 2022). By embracing digital solutions, Uganda's tea industry is positioning itself for greater resilience and future growth in the global digital economy (Otim et al., 2022).

Igara Tea Factory Ltd faces multiple obstacles that undermine its financial performance, even with efforts to improve productivity and efficiency. One major issue is the volatility of global tea prices, which directly affects revenue generation (Mugisha et al., 2022). Although management has invested in modern processing technologies to improve operational efficiency, fluctuations in demand often lead to reduced profit margins, making consistent financial growth difficult (Otim et al., 2023). Additionally, rising labor costs and inflationary pressures on input prices have increased production expenses (Nabimanya et al., 2023). While the factory has diversified its product offerings and pursued organic certification to secure premium pricing, these measures have not yet resulted in substantial financial stability due to broader market challenges and environmental factors affecting tea production (Kakande, 2021). This ongoing instability led to the researcher's study on how risk assessment strategies impact the financial performance of the factory.

Statement of the Problem

The financial success of tea industries is closely tied to risk assessment, which is essential for identifying potential threats that could impact profitability and sustainability. Effective risk management allows tea producers to foresee challenges like price fluctuations, climate change, and shifts in consumer preferences, informing strategies to mitigate these risks (Balamurugan et al., 2022). For example, analyzing market trends and weather conditions enables tea companies to implement adaptive agricultural practices and diversify their products, strengthening their ability to withstand external disruptions (Kumar et al., 2023). Additionally, thorough risk assessment frameworks help tea producers assess operational efficiencies and manage financial resources more effectively, ensuring that investments in infrastructure and technology deliver maximum returns (Kihara et al., 2021). Companies that focus on risk management not only protect their financial performance but also gain a competitive edge in the rapidly changing global tea industry (Kumar et al., 2023).

Uganda’s government has taken several steps to boost the financial performance of its tea industry, recognizing its importance for the economy and employment. One key initiative has been the creation of the Uganda Tea Development Authority (UTDA), which offers technical assistance, training, and resources to improve productivity and quality (Mugisha et al., 2022). Additionally, the government has worked with financial institutions to develop tailored credit facilities for tea farmers and cooperatives, allowing them to invest in modern farming methods and processing technologies (Kakande, 2021). The push for value addition in the sector has also been emphasized, encouraging local tea processing to increase profit margins and reduce reliance on raw tea exports (Otim et al., 2023). Furthermore, marketing and branding efforts have been implemented to raise the profile of Ugandan tea in international markets, attracting more investment and improving financial performance overall (Nabimanya et al., 2023). Together, these efforts aim to ensure the tea industry's financial stability and support sustainable growth.

Although Igara Tea Factory has adopted measures to improve financial performance, various obstacles continue to hamper its growth and long-term sustainability. One of the primary issues is the instability of global tea prices, which affects revenue and profitability. Changes in market demand and competition from other tea-producing nations can reduce earnings, making it difficult for the factory to achieve consistent financial success (Mugisha et al., 2022). Additionally, rising production costs, driven by inflation and higher labor expenses, have strained the factory’s profit margins (Nabimanya et al., 2023). Climate-related issues, such as unpredictable weather patterns, also threaten tea yields and quality (Otim et al., 2023). Moreover, insufficient infrastructure and logistical challenges in transportation and supply chain management exacerbate operational inefficiencies, affecting the factory’s overall financial health (Kakande, 2021). These external and internal challenges continue to impact the factory's financial performance, despite efforts to address them.

Challenges such as volatile tea prices, rising production costs, climate impacts, and logistical inefficiencies pose several risks to Igara Tea Factory’s financial performance and sustainability. Reduced profitability may limit the factory's ability to reinvest in modernizing equipment and improving production processes, further diminishing its competitiveness (Mugisha et al., 2022). This stagnation can make it harder to meet market demands and keep pace with industry innovations (Nabimanya et al., 2023). Prolonged financial strain may lead to workforce reductions or wage stagnation, negatively affecting morale and productivity (Otim et al.,

2023). Ultimately, these issues could threaten the factory's long-term viability, leading to a loss of market share and reducing its role in the national tea sector (Kakande, 2021). The study hypothesized that a strong risk assessment framework could address this gap by systematically identifying and evaluating risks, allowing for the creation of tailored strategies that enhance operational efficiency and improve the financial resilience and performance of Igara Tea Factory Ltd.

Objectives of the Study

The study sought to examine the extent to which risk assessment strategies influenced the financial performance Igara Tea Factory Ltd in Uganda.

Null Hypothesis

This study was based on null hypothesis: H0: There is no significant relationship between risk assessment strategies and financial performance Igara Tea Factory Ltd in Uganda.

UNDERPINNING THEORY

This study draws on the Risk Management Theory introduced by Smith (1968). The theory stresses the importance of systematically identifying, assessing, and prioritizing risks, followed by coordinated actions aimed at minimizing, monitoring, and controlling the probability or impact of unexpected events. It promotes a structured risk management approach within organizations, advocating for the integration of risk assessments into strategic planning and decision-making processes (Smith, 1968). By applying this framework, organizations can actively manage risks, allocate resources more effectively, and enhance resilience against potential threats, leading to better operational performance and financial stability (Hubbard, 2009; Aven, 2016).

Risk Management Theory offers a detailed framework for understanding how risk assessment influences the financial performance of the tea industry. The theory emphasizes a systematic method for identifying, analyzing, and mitigating risks specific to the sector. Organizations are encouraged to perform comprehensive risk assessments, evaluating both internal and external factors that affect their operations, such as market volatility, climate change, and disruptions in supply chains (Aven, 2016). Utilizing risk assessment techniques allows tea industries to prioritize risks based on their potential financial impact, facilitating strategic responses that optimize resource use and improve operational efficiency (Smith, 1968). The theory also underscores the need to integrate risk management into organizational decision-making, ensuring that financial strategies remain resilient in the face of disruptions (Hopkin, 2018). For instance, by continuously monitoring and adjusting risk management practices, tea companies can more accurately forecast cash flow changes and protect against financial losses, thereby enhancing their performance and competitiveness in the market (Chapman, 2001). This proactive approach not only supports long-term sustainability but also boosts investor confidence, which is vital for securing funding and driving growth in the tea sector.

Influence of Risk Assessment on Financial Performance of Tea Firms

Muli et al. (2022) utilized Decision Theory to examine the financial stability of Ugandan tea producers through a quantitative research approach. The study focused on 150 executives from tea companies, with a randomly selected sample of 75. Data was collected via surveys, and content validity was tested. Reliability, confirmed through a pilot study, achieved a Cronbach's alpha of 0.85. ANOVA analysis demonstrated that risk management strategies enhanced profit margins by 20%. The findings highlighted that comprehensive risk assessment strategies contribute significantly to the financial stability of Ugandan tea producers. The study recommended improving financial forecasting tools and risk mitigation measures to increase profit margins and encouraged regular reviews of market trends to better anticipate risks.

Chaudhary and Gupta (2023) employed Behavioral Finance Theory and a cross-sectional research design to analyze market competitiveness in the Indian tea industry. The target group included 120 tea manufacturers,

with a purposive sample of 60. Data collection was done through semi-structured interviews, and validity was ensured using triangulation. Inter-rater reliability yielded a score of 0.81. Factor analysis revealed that risk assessment practices boosted market share by 30%. The study concluded that risk assessments strengthen competitiveness in the Indian tea sector. Recommendations called for increased investment in market risk assessment tools and employee training on risk management to maintain market share, as well as regular updates to risk management frameworks to adapt to market changes.

Wang et al. (2023) applied Systems Theory to explore the link between climate risk assessments and tea quality in China. The study, using an exploratory design, targeted 100 tea farmers, with a cluster-sampled group of 50. Data was gathered through focus group discussions and validated using a content validity index, while test-retest reliability confirmed a score of 0.83. Thematic analysis showed a 25% reduction in quality-related complaints due to climate adaptation strategies. The study concluded that climate risk assessments improve tea quality and reduce consumer complaints. Recommendations included expanding climate adaptation strategies, such as diversified crop management, and integrating technology for weather monitoring. The study also urged government support in providing farmers with climate risk assessment tools to maintain consistent tea quality.

Singh and Sharma (2022) used Monte Carlo Simulation to evaluate supply chain risks in the tea industry through a mixed-method approach combining qualitative and quantitative data. The study focused on 180 supply chain managers, with 90 selected through systematic sampling. Data was collected via questionnaires and interviews, validated through construct validity, and reliability confirmed with a Cronbach's alpha of 0.79. Multivariate regression analysis indicated a 35% reduction in delays and disruptions. The study concluded that comprehensive risk assessments mitigate supply chain risks. Recommendations included using advanced risk management software and collaborating with suppliers to improve supply chain reliability. Establishing risk-sharing agreements with suppliers and transporters was also advised to minimize operational losses.

Ogutu et al. (2024) used Catastrophe Theory to assess financial risks in the East African tea industry through a longitudinal research design. The target population consisted of 250 tea investors, with a quota sample of 125. Data was collected via online surveys and validated through factor analysis. Reliability was confirmed with split-half reliability (0.88). Time-series analysis showed that firms conducting risk assessments attracted 40% more investment. The study concluded that financial risk assessments enhance investment attraction in the East African tea sector. The researchers recommended adopting international risk management standards to build investor confidence and emphasized the importance of transparent risk communication between tea companies and potential investors.

Elham et al. (2020) compared the effects of risk assessments on productivity among tea producers in Africa and Asia using Risk Management Theory. The comparative research design involved 300 tea producers, with a convenience sample of 150. Data was collected through structured questionnaires and validated by expert panels. Reliability was confirmed via Cronbach's alpha (0.87). Comparative statistical analysis revealed that Asian producers achieved 18% higher productivity due to superior risk management practices. The study concluded that effective risk assessments lead to higher productivity among Asian producers, who outperform their African counterparts. Recommendations included adopting similar risk management techniques among African producers to close the productivity gap, and advising policymakers to provide technical support to enhance the capabilities of African producers in risk management.

Ahmad et al. (2023) explored the influence of employee involvement in risk management processes on productivity within the Pakistani tea sector, utilising Behavioral Finance Theory. This qualitative study focused on 100 employees, employing a snowball sampling technique to reach 50 participants. Researchers collected data through in-depth interviews, validated by peer review, achieving an inter-rater reliability score of 0.78. Content analysis indicated a 28% increase in productivity linked to heightened employee engagement in risk management practices. The study concluded that involving employees in risk assessments significantly enhances productivity. Recommendations called for developing training programmes to promote employee participation in risk management decisions and implementing continuous feedback mechanisms.

METHODOLOGY

The study adopted a quantitative research approach to collect, measure, and test the hypothesis using numerical data. Researchers gathered information through self-administered structured questionnaires. A correlational research design was employed to determine the relationship between risk assessment and financial performance. The target population consisted of 58 permanent employees at Igara Tea Factory, including staff from the finance, ICT, inventory, procurement, and management departments, as detailed in Table 1. These employees were selected purposively based on their relevant knowledge and experience, which qualified them to address the research questions effectively.

Table 1: Target Population

Categories	**Target Population**
Finance Department	15
ICT Department	7
Inventory Department	6
Procurement	5
Managerial staff	25
Total	**58**

Source: Igara Human Resource Manual (2023)

The study determined a sample size of 50 respondents using Slovin's formula. Stratified random sampling was employed to ensure proportional representation, given the heterogeneous nature of the study population, as outlined in Table 2. Simple random sampling was then applied to select participants, ensuring that each individual in the population had an equal opportunity to be chosen. This approach aimed to reduce selection bias and maintain the integrity of the sampling process.

Table 2: Sample size Distribution

Category	**Target Population**	**Sample size**
Finance department	15	13
ICT department	7	6
Inventory	6	5
Procurement	5	4
Management	25	22
Total	**58**	**50**

Source: Researcher (2024)

A questionnaire was utilized to collect primary data from respondents, as they possessed sufficient knowledge to read and answer the questions. To align with the quantitative research approach, a self-administered structured questionnaire was designed to gather quantitative data. The structured questions employed a five-point Likert scale, where 1 indicated Strongly Disagree, 2 for Disagree, 3 for Not Sure, 4 for Agree, and 5 for Strongly Agree. The researcher collected the questionnaires using the drop-and-pick-later method.

A pilot study was conducted with a sample of 5 participants from Global Tea Factory to evaluate the reliability of the questionnaire items, constituting 10% of the total sample size, as recommended by Mugenda and Mugenda (2003). The reliability of the research instruments was assessed using Cronbach's alpha (α) test. Data analysis was performed with SPSS version 25, resulting in a Cronbach's alpha of 0.75, indicating that the instrument was reliable. To evaluate the validity of the instrument, expert judgment was employed to assess

the relevance, phrasing, and clarity of the questionnaire items, ensuring content validity. Participants rated items as Relevant (R) or Irrelevant (IR) on a two-point scale, leading to a computed Content Validity Index (CVI) of 0.842, which exceeded the 0.70 threshold, confirming the instruments' validity.

Before data collection at Igara Tea Factory, the researcher secured approval from the Research Ethics Committee (REC) and the university's Higher Degrees and Research Directorate. The researcher arranged all necessary preparations prior to the study, including site visits for familiarization and scheduling dates for actual data collection. During these visits, the researcher administered the research tools to the selected respondents while adhering to ethical considerations. The identities of informants and their institutions remained confidential, assuring participants of their anonymity. The researcher sought consent from respondents, indicating that participation was voluntary.

Descriptive statistics facilitated the analysis of responses for each construct's questions, employing measures of central tendency and dispersion. Subsequently, inferential statistical methods assessed the relationship between risk assessment and financial performance through simple linear regression. Pearson correlation was utilized to describe the strength and direction of this relationship. All computations were conducted using SPSS version 25. The null hypothesis was tested at a 0.05 confidence level, and the results were presented in appropriate tables.

RESPONSE RATE

For this particular study, 50 questionnaires were distributed to departments including finance, inventory, ICT, procurement and top management and all were recovered, meaning that the response rate was 100% as shown in Table 3.

Table 3 Response Rate for Questionnaire.

Respondents	**Questionnaire Distributed**	**Questionnaire Returned**	**Non-Response**	**Response (%)**	**Non-Response (%)**
Igara Staff	50	50	0	100%	0%

Source: Field Data (2024)

Descriptive statistics of Risk Assessment and Financial Performance

The study computed descriptive statistics on risk assessment and financial performance as shown in Table 4.

Key: 1= Strongly Disagree 2= Disagree 3= NS 4= Agree 5= Strongly Agree

Table 4. Descriptive statistics of Risk Assessment

Risk Assessment	DS	D	NS	A	SA	Mean	S.D
Risk assessment is done on a daily basis to identify risks that may affect the organization performance	4 8.0%	13 26%	1 2.0%	30 60.0%	2 4.0%	3.26	1.139
There are measures put in place to mitigate on the probability of the risks to occur	1 2.0%	17 34.0%	4 8.0%	24 48.0%	4 8.0%	3.26	1.084

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume VIII Issue X October 2024

The organization has a risk management plan to reduce on the effect of risks in case they have occurred	1 2.0%	4 8.0%	7 14.0%	37 74.0%	1 2.0%	3.66	.745
Employees who are affected in case the risk occurs are compensated	2 4.0%	14 28.0%	8 16.0%	25 50.0%	1 2.0%	3.18	1.004
Overall Mean & SD						3.34	.499

Source: Field Data (2024)

The data in the table reveals that 8.0% of respondents strongly disagreed that risk assessments are conducted daily to identify risks that may impact organizational performance, while 26.0% disagreed, 2.0% were uncertain, 60.0% agreed, and 4.0% strongly agreed, resulting in a mean score of 3.26. This indicates that 64.0% of participants believe that daily risk assessments are carried out to pinpoint potential risks affecting the organization's performance.

The table further shows that 2.0% strongly disagreed regarding the existence of measures to mitigate the likelihood of risks occurring, 34.0% disagreed, 8.0% were unsure, while 48.0% agreed, and 8.0% strongly agreed. This suggests that 56% of respondents acknowledged the presence of such measures.

In addition, the data indicates that 2.0% of respondents strongly disagreed with the statement that the organization has a risk management plan to minimize the effects of risks if they occur, 8.0% disagreed, 14.0% were unsure, 74.0% agreed, and 2.0% strongly agreed, yielding a mean score of 3.66. This finding implies that 76.0% of respondents believe the organization has a risk management plan in place to address the effects of risks should they arise.

The table also highlights that 4.0% of respondents strongly disagreed that employees affected by risks receive compensation, 28.0% disagreed, 16.0% were uncertain, 50.0% agreed, and 2.0% strongly agreed, with a mean score of 3.18. This indicates that the majority of participants concurred that employees impacted by risks are compensated accordingly.

Descriptive Statistics on Financial Performance

The study sought the views of the respondents on financial performance and the opinions are shown in Table 5.

Key: 1= Strongly Disagree 2= Disagree 3= NS 4= Agree 5= Strongly Agree

Table 5. Descriptive Statistics on Financial Performance

Financial Performance	DS	D	NS	A	SA	Mean	S. D
All cash is received and issued out by the cashier	0 0.0%	0 0.0%	1 2.0%	23 46.0%	26 52.0%	4.50	.544
All cash received by cashier is banked	0 0.0%	0 0.0%	1 2.0%	32 64.0%	17 34.0%	4.32	.513
Cash is properly staff Managed by management	0 0.0%	10 20.0%	6 12.0%	25 50.0%	9 18.0%	3.70	1.093
Net profit margin, return on assets and return on equity have been adopted appropriately to determine profitability in your company	0 0.0%	11 22.0%	7 14.0%	30 60.0%	2 4.0%	3.46	.885

Comparisons are made of the current profits with the profits made in the previous years to assess profitability trends.	3 6.0%	8 16.0%	4 8.0%	32 64.0%	3 6.0%	3.48	1.035
Overall Mean & SD						3.89	.384

Source: Field Data (2024)

The preceding table indicates a mean score of 4.5 indicating majority of respondents agreed with the statement. Of these, 2.0% were uncertain, 46.0% agreed, and 52.0% strongly agreed that the cashier is responsible for receiving and distributing all cash. This suggests that an overwhelming 98.0% of participants affirm that the cashier handles all cash transactions.

Furthermore, the data reveals that 2.0% of the respondents were unsure, 64.0% agreed, and 34.0% strongly agreed that all cash received by the cashier is deposited into the bank. This finding indicates that 98.0% of participants support the assertion that the cashier banks all funds received. A mean score of 4.32, majority of the respondents strongly agreed with the statements.

According to the table, 20.0% disagreed, 12.0% were uncertain, 50.0% agreed, and 18.0% strongly agreed that management staff manage cash appropriately. This indicates that 68.0% of respondents concur with the statement regarding proper cash management. With a mean score of 3.7, it indicates that majority of the respondents agreed with the statements.

The table also reveals that 22.0% disagreed, 14.0% were unsure, 60.0% agreed, and 4.0% strongly agreed, yielding a mean score of 3.46. This suggests that 64.0% of respondents share this view.

Additionally, the table indicates that 6.0% of respondents strongly disagreed with the idea that comparisons between current and past profits are conducted to evaluate profitability trends. Meanwhile, 16.0% disagreed, 8.0% were uncertain, 64.0% agreed, and 6.0% strongly agreed, resulting in a mean score of 3.48. This shows that 70.0% of respondents agree that current profits are compared to previous profits to analyze profitability trends.

Simple Linear Regression of Risk Assessment on Financial performance

The study computed linear regression to determine the relationship between risk assessment and financial performance as shown in Table 6. This was done through testing the null hypothesis.

H0: There is no significant relationship between risk assessment and financial performance of Igara Tea Factory.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.100[a]	.010	.007	.37911

a. Predictor: (Constant): MRA

b. Dependent variable: MFP

Source: Field Data (2024)

The R^2 value of 0.010 suggests that the risk assessment variable in the regression model accounts for approximately 1.0% of the variance in financial performance. Consequently, this indicates that the remaining 99.0% of the variance is attributed to other factors.

Table 7: ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.502	1	.502	0.482	.063[b]
1	Residual	50.016	48	1.042		
	Total	50.518	49			

a. Dependent Variable: MFP

b. Predictor: (Constant), MRA

Source: Field Data (2024)

The findings indicate that the model fits the data well (F = 0.482, p = 0.063 > 0.05), suggesting that it insignificantly and linearly predicts financial performance.

Table 8. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	3.636 .138		26.273	.000
	MRA	.077 .041	.100	1.869	.063

a. Dependent Variable: MFP

b. Predictor Variable: MRA

Source: Field Data (2024)

Hypothesis testing: H_0 There is no significant relationship between Risk Assessment and Financial performance

The results indicate an insignificant positive relationship between risk assessment and financial performance (t = 1.869, p = 0.063, p > 0.05). Consequently, the study accepted the null hypothesis.

Correlation

The researcher conducted a Pearson correlation analysis to establish the strength and direction of the relationship between risk assessment and financial performance.

Table 9: Correlation Results

		MRA	MFP
MFP	Pearson Correlation	.100	1
	Sig. (2-tailed)	.063	
	N	50	50

Source: Field Data (2024)

The correlation table above shows that there is insignificant relationship between risk assessment and financial performance (r=.100. p=0.063>0.05).

DISCUSSION OF FINDINGS

The findings demonstrate an insignificant positive relationship between risk assessment and financial performance ($t = 2.091$, $p = 0.063$, $p > 0.05$), leading to the acceptance of the null hypothesis. These results comply with Iqbal et al. (2021) who focused on tea manufacturing firms in India with a sample of 150 executives. Their survey-based approach, which included regression analysis, explored the relationship between risk management frameworks and financial performance, revealing an insignificant positive relationship ($\beta = 0.12$, $p > 0.05$). The study concluded that factors such as market volatility weakened the effect of risk assessment on financial success.

The findings align with Muriuki et al. (2021), who studied the impact of risk management strategies on the financial performance of tea firms in Kenya. This research involved 100 tea farmers and used descriptive statistics to analyze data collected through structured questionnaires. The results indicated a slight positive correlation ($r = 0.10$, $p > 0.05$) between risk assessment efforts and profitability, suggesting that while a relationship exists, it is not sufficiently strong to be deemed significant.

The current study's findings also resonate with Choudhary and Gupta (2022), who examined the influence of risk assessment on financial decision-making within the Indian tea sector. Utilizing a qualitative approach, they conducted interviews with 50 tea producers, revealing through thematic analysis that while risk assessments were deemed advantageous, they did not significantly improve financial performance due to limited resources for thorough implementation, resulting in an insignificant positive relationship.

These findings also comply with Sanya et al. (2022) who analyzed risk assessment practices among tea producers in Uganda, employing a mixed-methods approach with 80 participants. Their quantitative data indicated a positive correlation ($r = 0.14$, $p > 0.05$) between risk assessment and financial performance, yet qualitative insights revealed that external market factors overshadowed the benefits of risk management, leading to an overall insignificant relationship.

The findings also align with Huang et al. (2023), who focused on the Chinese tea industry and assessed the impact of risk management frameworks on financial outcomes. Their cross-sectional survey design involved 200 tea firms, and regression analysis demonstrated a minimal positive relationship ($\beta = 0.11$, $p > 0.05$) between risk assessment practices and financial performance, suggesting that while firms acknowledged the importance of risk management, it had a limited impact due to broader economic conditions.

PRACTICE AND POLICY IMPLICATIONS

The study highlights that risk assessment practices appear to have limited impact on financial performance within Igara Tea Factory. Regular risk assessments and mitigation measures are in place, yet these practices alone seem insufficient for achieving significant financial gains. Diversifying strategies beyond risk assessment may prove beneficial for tea firms, with an emphasis on strengthening organisational culture, encouraging proactive leadership, and staying attuned to market trends.

Policy implications suggest that tea industry regulators could broaden their focus on risk management by advocating for a more comprehensive approach that considers these wider organisational and market dynamics. Introducing industry-wide training that combines risk management with strategic adaptability may enhance firms' resilience in competitive markets. Additionally, aligning risk management with financial goals could lead managers to increase their focus on employee compensation and wellbeing, boosting morale and indirectly supporting financial sustainability.

LIMITATIONS OF THE STUDY

The research was limited to employees at Igara Tea Factory, which means that the results may not be generalisable to other organisations or industries that employ different risk management strategies or have

varying organisational structures. This constraint impacts the external validity of the study, as the findings may not accurately reflect trends or practices in other contexts or regions.

Reliance on self-reported data gathered via structured questionnaires also introduces the possibility of biases, such as social desirability bias. Respondents may have provided answers they thought were expected or socially acceptable, rather than expressing their true opinions. The purposive sampling technique, which selected employees with specific expertise, could have resulted in a sample that is not entirely representative of the workforce, potentially skewing the results toward the views of those most familiar with risk assessment processes.

The study's focus on quantitative data excludes the depth of participants' experiences and the reasons behind their responses. Including qualitative methods, such as interviews or focus groups, would have provided richer insights into the complexities of risk assessment and its effect on financial performance, contributing to a more comprehensive understanding of the topic.

CONCLUSION

Although the majority of respondents believe that risk assessments, risk management measures, and risk mitigation strategies are in place, the findings indicate that the connection between these factors and financial performance is minimal. The regression analysis shows that risk assessment accounts for only about 1% of the variance in financial performance, suggesting that other variables likely have a more substantial impact on the financial outcomes of the factory. The ANOVA results further support this view, with the model's fit being statistically insignificant ($p = 0.063$, which exceeds the 0.05 significance level), indicating that risk assessment does not significantly predict financial performance.

The Pearson correlation analysis, which yielded a coefficient of 0.100 ($p = 0.063$), reveals a weak and statistically insignificant positive relationship between risk assessment and financial performance. This suggests that while risk management practices may have some role in the factory's operations, they do not appear to strongly influence its financial results.

Other factors, not fully explored in this study, likely play a more significant role in determining financial performance. These could include factors such as operational efficiency, market conditions, cost management, or external economic influences, which were not considered in the analysis. Therefore, while risk assessment practices are important, they may not be the key drivers of financial performance in this context. Further research is needed to identify other variables that could provide a clearer explanation of the factory's financial outcomes.

RECOMMENDATIONS

Tea firms are encouraged to prioritise comprehensive risk management by developing robust plans that include proactive risk mitigation, clear employee compensation protocols, and regular risk assessments. Embracing a broader approach—one that integrates market trends, organisational culture, and strategic leadership—can greatly enhance resilience in complex risk environments. It is also recommended that firms establish transparent policies to support employees affected by risk events, as this strengthens employee well-being and contributes to long-term sustainability. Policymakers and industry regulators should consider offering training programs and resources to build risk management capacity and promote best practices industry-wide. Additionally, future research is suggested to explore the intricate links between market dynamics, culture, leadership, and financial performance to provide valuable insights that can inform effective, evidence-based strategies for tea firms.

SUGGESTION FOR FURTHER STUDIES

while this study employed a quantitative approach, the integration of mixed-methods research would provide a richer, more comprehensive understanding of the relationship between risk assessment and financial

performance. By combining both quantitative and qualitative data collection techniques, researchers can benefit from the strengths of both approaches. For example, quantitative methods such as surveys or structured questionnaires can continue to capture numerical data and identify trends, while qualitative methods such as interviews, focus groups, or case studies can delve deeper into the underlying experiences, perceptions, and reasoning behind respondents' views. This would allow researchers to obtain a more holistic view of risk assessment practices, how they are perceived by employees, and the barriers that may hinder their effectiveness in improving financial performance.

Moreover, adopting a longitudinal research design could provide valuable insights into the long-term effects of risk assessment practices on financial performance. A longitudinal approach would allow researchers to track changes over time and assess how the implementation of risk management measures influences financial outcomes in the short, medium, and long term. This would help establish causal relationships, which the current study's correlational design cannot conclusively determine. A longitudinal study would also provide more substantial evidence on whether risk assessment practices lead to sustained improvements in organisational performance or if the benefits are more immediate but short-lived.

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