



# Impact of Risk Control Mechanisms on Corporate Training Business Performance

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## ABSTRACT

*Like in any other business, risk is inevitable in corporate training business. This study examined how risk controlling mechanisms affects corporate training business performance. The Centre for Management Development, Industrial Training Fund and Nigerian Institute of Training and Development were made the case study. From a population of 1,350, determination of the sample size of 309 was obtained through the use of Taro Yamane method. Through a primary source, data was collected from employees of selected organizations using a structured questionnaire administered through stratified random sampling method. About 269 copies of the questionnaire were found suitable for the analysis. Both descriptive and inferential statistics were adopted to achieve the objective of the study. Frequency tables were used to present the gathered data while Probit Regression was used to analyze the hypothesis. Result revealed that the independent variable was significant, as p-value of the LR-Statistics computed for the test at 0.0000 was less than the critical value of 5% with significant statistics value of 106.59. Findings showed that the null hypothesis which stated that risk control mechanisms does not have impact on corporate training business performance was rejected and therefore affirm that the risk control mechanisms has impact on corporate training business performance. Therefore, it was concluded that risk control mechanisms are good and necessary parameters for improved performance in the corporate training business in Nigeria. The study recommends that, if the corporate training industry must meet set objectives, there would be need for training providers to adopt the risk adequate risk controlling mechanism for better performance of the business.*

**Keywords:** Corporate training, Risk control mechanisms, Business performance

## Introduction

In this new era, organizations and individuals are now exploring the incredible opportunities training and development. Neill (2019) described corporate training as the strategy of providing employees of organizations with the skills and knowledge they need in order to perform better in the work place. Her further described Corporate Training Business as an enterprise that is solely based on providing employees of organizations with necessary skills to assist in bringing out the best in the employees for better job performance and for the attainment of the organizational set goals.

Epetimehin (2016) opined that risk control was the management of specific risks that relates to environment, industry and firm which might have an adverse impact on the achievement of an organization's business objectives. He concluded that the key purpose of risk control was anticipatory, (that is, planning in advance for possibilities of adverse outcome). These threats, or risks, could stem from an honest kind of sources including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters. According to ISO/DIS 31000 (2009), risk control could be referred to as the process of applying appropriate strategies in order to reduce

the effect of risk on an enterprise. In corporate training programmes, risks can come from various sources, including uncertainty in financial markets, threats from project failures (at any introduce design, planning, implementation, learning, development, or sustainment), legal liabilities, credit risks, accidents, natural causes and disasters, deliberate attack from an adversary, or events of uncertain or unpredictable turn-out of expected participants and even health issues. Weaving risk control into overall training plan is an essential part of running a successful training business. This study focuses on “Impact of Risk Control on Corporate Training Business Performance”.

### **Statement of the Problem**

Corporate Training has fast becoming an outstanding enterprise in the corporate world. The issues of risk in corporate training business includes guaranteed attainment of training objectives, organizing training programmes, guaranteed safety for training participants, achieving expected attendance in training programmes, government policies affecting training programmes, natural impediments that may affect training programmes, profit guaranteed on training programmes conducted and loss avoided. This calls for a vigorous concern on the need to manage these risks in corporate training processes and activities.

However, for the survival and better performance of the Corporate Training Business in the competitive business world, there is need to vigorously debate on the issue of planning for managing the various perceived risks in the business. There is still limited literature on the impact of risk control on Corporate Training Business performance in developing countries such as Nigeria (Deborah & Ofori, 2006). Similarly, studies on issues associated with risk control in corporate training business in less-developed countries are rarely found. Measuring the performance of corporate training business in the light of Risk Control is still at a growing stage and relatively new especially in a third world country like Nigeria. Therefore a gap on an issue such as the control of risk on corporate training business is being created. This suggests that research in this area is promising. Therefore, this study establishes the basis to further understand some aspects of risk control in Corporate Training Business Performance with consideration of selected Nigerian Training Providers.

### **Research Questions**

How does risk controlling mechanism affect corporate training business performance in Nigeria?

### **Objectives of the Study**

To examine how risk controlling mechanism affect corporate training business performance in Nigeria.

### **LITERATURE REVIEW**

Risks are not equally based on the frequency of happening, level of consequences, or the nature of risk. These are the common ways for risks to be classified. From likelihood point, risks may be named from likely risks; possible risks; hypothetical risks to imaginary risks; where losses can happen usually, reasonably, or be theoretically possible or maybe unlikely exist. In this study, the author investigated different risk types based on the nature. The discussion involved hazard risk, financial risk, operational risk and strategic risks.

#### *i. Financial Risk*

According to (Maverick, 2018), financial risk can be said to be the possibility that shareholders or other financial stakeholders will lose money after they invest in the company that has debt if the company's cash flow proves inadequate to satisfy its financial obligations. When a corporation uses debt financing, its creditors are repaid before shareholders if the corporate becomes insolvent. He further said that financial risk also referred to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money. Maverick (2018) further explained that financial risk was the type of specific risk that encompassed many types of risks related to a company's capital structure, financing and the finance industry. These included

risks involving financial transactions, in the likes of company loans and exposure to loan default. The term is usually to reflect an investor's uncertainty of collecting returns and therefore the accompanying potential for monetary loss.

Investors can use variety of monetary risk ratios to assess an investment's prospects. For example, the debt-to-capital ratio measures the proportion of debt used given the entire capital structure of the corporation. A high proportion of debt indicates a risky investment. Another ratio, the cost ratio, divides income from operations by capital expenditures to ascertain what proportion of money a corporation will have left to progress the business running after it services its debt.

#### *ii. Operational Risk*

Several authors have stated that the literature on operational risk within the financial sector however inconsistent and takes several different views Acharyya (2010) and Moosa (2007). Some authors of the late 90's saw operational risk as the residual, that is not faced by credit or market risk (Wahistron, 2006). According to Moosa (2007), the approach was too broad and not specific enough. Most of the researched articles for the literature reviewed ask the Basel II operational risk definition. In the study, the term operational risk was defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk, but excludes strategic and reputational risks" (Basel II, 2004). At that stage, it was important to contemplate that operational risks have three dimensions. There is the cause, the event, and so the consequence (Mossa, 2007). The Basel Committee of Banking Supervision classifies operational risk on the event dimension, thus this research also discusses the event taxonomy.

The operational risk definition from Basel II excludes strategic risks. Acharyya (2010) mentioned that this exclusion did not reflect reality. The author studied the connection between strategic risk within the enterprise risk management framework and operational risk in financial institutions. He found that strategic management influenced many areas where operational risks occurred (Acharyya, 2010). Because of this reason, this study extends the Basel II taxonomy with strategic risk.

#### *iii. Strategic risk*

Strategic risks imply the likelihood of a loss arising from a poor strategic business plan, decision, or from the inconsistent and inappropriate implementation based on the plan. Strategic risks pose threat to earnings, capital availability and corporation's viability. Because strategic plans indicate the operation direction also as framework, vision and objectives of a corporation, the lower the probability of strategic risk stays, the stronger the organization is. Thus, boards of directors are focusing on how organizations identify access and manage their risks.

Strategic risk management requires concentrations on risks to shareholder value as the ultimate goal (Beasley, Pagach & Warr, 2008) while considering the effect of external and internal scenarios to the ability of organization to achieve its goals. Strategic risk management could be a primary component of an enterprise risk management (ERM, to be introduced within the later part of this Literature review sector) process. Understanding the strategies of the organization is that the essential foundation step during a strategic risk assessment. The assessment process should continuously reflect the corporate model, and be supported by valid strategic risk profile, together with risk management communication and action plan (Frigo and Anderson, 2009).

#### *iv. Hazard Risk*

Hazard risks are risks related to working environment, property, and natural catastrophe. Originally, hazards refer to potential harms that can affect health and safety of personnel of property (The University of Newcastle, Australia, 2013). Besides common hazard groups such as physical, chemical, biological, mechanical and psychological, which arise from workplace premises and environment or

work practices, risk can grow from uncontrollable factor like natural disasters. It is commonly agreed to be employer's responsibility to fix hazards. Exposure to hazards in workplace does not always result in injuries or severe health effects. However, preventing hazards from happening ensures personnel to work under no pressure of being harmed.

Similarly, (Spikin, 2013) classifications of risk management also focused and indicated the sources of risk. The following classifications of risks are also considered:

- a. **Financial and Non-Financial.** Mentioned by Vaughan (1997), the concept of risk in this sense would involve financial loss or consequences, but might also not include necessarily financial impact. Therefore under this perspective, financial risk involves the relationship between an individual (or an organization) and an asset or expectation of even an income that may be lost or damaged. Thus according to Vaughan (1997), financial risk involves three elements:

- (1) The individual or the organization that is exposed to loss,
- (2) The asset or income whose destruction or dispassion will cause financial loss, and
- (3) A peril that can cause the loss.

- b. **Dynamic and Static.** Considering this classification, risk would be created by the dynamic change in the economic environment and would depend on both, the evolution of external variables, the economy, competitors, industry membership and consumers and the decisions taken internally by the organization (Forestieri, 2003). Thus dynamic risks would normally benefit society over the long run, since they are the result so for adjustment to the misallocation of resources (Vaughan, 1997). None the less, dynamic risk could affect a great number of persons and they would believe to be less predictable than static risks, because they do not occur with any extent of regularity. On the other hand, static risks would be those risks that would be not dependable on the evaluation of the competitive environment in which the organization operates, but would rest merely on the internal factors of the entity. Unlike dynamic, static risks are predictable and would occur with some regularity. As mentioned by Pavodani and Tugnoli (2005), the mentioned principles of dynamic and static risks would provide the basis elements for there as owning on the transferring process of risks through the insurance market.

- c. **Systematic and Diversified.** As mentioned by Vaughan, (1997) the source of systematic risk would be the main macroeconomic variables, such as the general tendency of economy (measured for example by the variation in GDP) and the tendency in market interest rates and inflation (measured, by the variation of the index of consumer prices). Often the sources of systematic risk are summarized by a single systematic risk factor, known as market risk. Therefore under this perspective, risks that are not tied to sources of systematic risk would be those diversifiable.

- d. **Pure and Speculative.** Speculative risk would be often described in the literature as related to situation that hold a possibility of either loose or gain. Therefore the set type of risks would not be insurable since they would involve a speculative process behind that might potentially rise to a profit (upside risk), but that could also lead to a loss (downside risk) (Pavodani and Tugnoli, 2005). The concept of pure risk in contrast, issued to designate those situations that involve only the chance of loss or no loss. One of the best examples of pure risk would be the possibility of loss surrounding the ownership of property or any asset. In that case, the person who buys an automobile for example, immediately faces the possibility that something may happen to damage or destroy the auto-mobile (Vaughan, 1997).

- e. **Fundamental and Particular.** According to Pavodani and Tugnoli, 2005, the distinction between fundamental and particular risks would be based on the difference in the origin and consequences of the losses. In that sense, fundamental risks would consider risks

that would involve losses that are impersonal in origin and consequences (Vaughan, 1997). Therefore these types of risks would be caused in general by economic, social, and political phenomena, while they may also result from physical occurrences. Because fundamental risks would be caused by conditions beyond the control of the individuals who suffer the loss and since they would not be the fault of anyone in particular, it is held that society rather than the individual would have a responsibility to deal with them (Vaughan, 1997). In this sense fundamental risks would affect large segment of the population. On the contrary, particular risks would concern losses that occur in individual events and are experienced by individuals rather than groups. Thus particular risks are considered to be individual's own responsibility and so would not seem to be an issue of concern of the society as whole (Vaughan, 1997).

- f. Core and non-Core: The core of business risk would be the danger which may be inherent to the type of activity performed by the organization. Based on this perspective this type of risk would be the kind of risk that will not be available to transfer and would want to be managed internally by the entity. As consequence, these types of risks would become a possible source for expected income return to the organization (Forestieri, 2003 in Pavodani & Tugnoli, 2005). Hence core or business risks would be manageable mainly through careful strategic choices. The later would mean to decide as an example, during which sectors and markets to require an edge, adopt centralize policies, and choose vertically integration or outsourcing strategies among others. On the other hand, non-core risk would be those risks to which the organization would be exposed as a result of any operational activity. Consequently within the case of non-core risks, they may be treated through strategic solutions or appropriate means of funding and insurance transfer.
- g. Operational and Strategic: Normally the researchers that address the concept of in depth or enterprise risk management approach (Helsloot, 2008; Fone & Young, 2005; Lam, 2003; Olson & Desheng, 2008 & Sadgrove, 2006), make also difference between strategic and operational risk. For these authors strategic risks would be related to the problems which may require the organizations to think on a way bigger scale. Therefore these types of risks would be managed at board level and there would be need for strategic planning (Sadgrove, 2006). Within the case of governmental authority for instance, this might be the case for the elected members, who would confirm that the proper policies procedures and delegations would be in situations in which risks are managed appropriately within the organization. Contrary to this, although operational risks would require the involvement of the best possible hierarchy of the organization, they could be implemented during a lower level (Sadgrove, 2006). Therefore in that perspective, operational risks would be present within the day to day functions and services of the organization. Accordingly such risks might be derived from the people, property or processes involved in delivering the services expected or needed by the organization.

### **Risk Control**

Risks, according to Olujana (2018) are necessary evils in business that must be avoided as much as possible. This was because its occurrence might impair business operation, and reduce expectation of return on an organization. Hence, risk control through avoidance, reduction, retention of beneficial risk and possibly transfer must form the hallmark of performance oriented organization. Olujana (2018) further opined that risk control was the set of methods by which firms evaluated potential losses and took action to cut back or eliminate such threats. It is a way that utilizes findings from risk assessments, which involve identifying potential risk factors within a company's operations, like technical and non-technical aspects of the business, financial policies and other issues which may affect the well-being of the firm. Risk control also implements proactive changes to cut back risk in these areas. Risk control

thus helps companies limit lost assets and income. Risk control are often said to be a key component of a company's enterprise risk management (ERM) protocol. The determinants of risk identification can be discussed as follows:

#### *i. Risk Avoidance*

According to Long (2016), risk avoidance seeks to avoid compromising events entirely. One of the risk response strategies in risk management is risk avoidance. This strategy entails adjusting the project plan in order that the conditions triggering a risk event are not any longer present and therefore the risk is eliminated. While this strategy cannot be applied to all or any project risks, it can be said to be best for preventing risks. When analyzing a risk, a project manager is assessing two key characteristics of any risk, its probability of materializing and its impact on a project. Risk avoidance strategy is concentrated on eliminating the probability of a risk materializing completely. Usually, this is often achieved by adjusting the initial project plan in order that a project is not any longer exposed to the conditions that may trigger a risk event. Long (2016) further explained that this strategy requires identifying a possible risk early on, as it might not be possible to make adjustments to a project as it evolves. Risk avoidance can be said to be a risk strategy where the organization either chooses to not engage in an operation, or chooses to stop working on an operation due to the risk involved. For example, an organization might prefer to stop working or not operate a branch within a high risk location to avoid the risks involved.

#### *ii. Risk Reduction*

According to (IDSR, 2004), concepts of risk reduction evolved from these earlier efforts in disaster management, that were themselves products of civil defence responses where disasters were seemed to be events that simply required reaction and as such any pre-disaster preparation was focused on aid, response and the restoration of urgent services. Contemporary views however, recognise the need to reduce the social, economic and environmental costs associated with natural hazards. Risk reduction measures as defined by the ISDR (2004) are “the development and application of policies, procedures and capacities of the society and communities to cut back the negative impacts of a possible impact of natural hazards and related environmental and technological disasters. This includes structural and non structural measures to avoid (prevention) or to limit (mitigation and preparedness) adverse impact of hazards, likewise as a result of the occurrence of coping capabilities”.

#### *iii. Risk Retention*

According to Lawrence and Marianna (2017), risk retention technique can be referred to as the intentional decision of organizations to handle opposing risk of a firm internally instead of transferring them to insurance or any other third party. By so doing, the risk of the organization is self-financed and managed. Risk Retention technique is similarly the intentional decision of organizations to handle opposing risk of a firm internally rather than transferring them to insurance or a third party. By so doing, the risk of the organization is self-financed and managed. In accounting perspective, this can be often done by setting an amount/ account aside called Provisioning. The provisioning account is aimed for servicing bad debts (defaulting loans). The provision account is provided as a loss financing (reserve funds) account that pays for the potential losses arising from client's loan defaults.

#### *iv. Risk Transfer*

According to Snedaker and Rima (2014), Risk transfer is a risk management and control strategy that involves the contractual shifting of a pure risk from one party to another. One example is the purchase of an insurance policy, by which a specified risk or loss is passed from the policyholder to the insurer. Risk transference involves handing the risk off to a willing third party. Snedaker and Rima (2014) further stated that many companies outsourced certain operations such as customer service, order fulfilment, or payroll services. These companies do this in many cases, so they can focus on their core competencies, but they can also do this as part of risk management. For example, if the corporate training provider outsources training services, the training provider may choose to select another

training provider that is geographically located in the same geographical region of the business contract. Snedaker and Rima (2014) further explained that another example of risk transfer was, purchasing insurance or other insurance types of services. In order to transfer risk, one company usually needs to pay another company some amount of fund to assume that risk.

## METHODOLOGY

The Centre for Management Development, Industrial Training Fund and Nigerian Institute of Training and Development were made the case study. From a population of 1,350, determination of the sample size of 309 was obtained through the use of Taro Yamane method. Through a primary source, data was collected from employees of selected organizations using a structured questionnaire administered through stratified random sampling method. About 269 copies of the questionnaire were found suitable for the analysis. Both descriptive and inferential statistics were adopted to achieve the objective of the study. Frequency tables were used to present the gathered data while Logit Regression was used to analyze the hypothesis.

## ANALYSIS

### Summary Statistics obtained for the variables of Risk Control

S/N	Variable	N	Mean	STD	Adjusted T-calculated	P-value	Remark
1	Risk Avoidance	269	4.26	0.55	32.13	0.0000	
2	Risk Reduction	269	4.26	0.54	32.25	0.0000	
3	Risk Retention	269	4.05	0.63	26.28	0.0000	
4	Risk Transfer	269	4.05	0.63	26.28	0.0000	

*Researcher's Field work, 2021*

**\*\* Critical value for the t-test is 5%**

**\*\*Adjusted T-calculated= T-value multiply by the ratio of sample size to aggregative response**

**\*\* There four test items in each of the risk control variables, hence, the aggregative response is 4 multiply by actual sample size used (4x269=1076)**

The above table presented the pooled mean and standard deviation computed for the test variables of risk control. Looking at the result in the table, it was found that risk avoidance, risk reduction, risk retention and risk transfer were the determinants of risk control in the selected training organizations. This assertion was based on the fact that the p-value of the t-statistics computed for the test variables were less than the critical value of 5%. On this basis, the variables were said to be adopted and could correlate well with corporate training business performance.

## Test of Hypothesis

H<sub>02</sub>: Risk control mechanisms do not affect corporate training business performance in Nigeria.

**Objective:** To examine how risk control mechanisms affect corporate training business performance in Nigeria.

## Probit Regression Results Computed for the Null Hypothesis Two

**Dependent variable = Corporate Training Business Performance**

Variable	Coefficient	Standard Error	Z-calculated	P-value
C	1.813333	2.544325	0.712697	0.2310
AVOID	5.990097	0.804882	7.442205	0.0000
REDUC	1.005698	0.029461	34.13659	0.0000
RETEN	0.182121	0.037157	4.901391	0.0012
TRANS	0.804246	0.177572	4.529126	0.0024

	OTHER	TEST	STATISTICS	
McFadden R-squared	0.928165		Mean dependent var	0.821561
S.D. dependent var	0.013595		S.E. of regression	0.382408
Akaike info criterion	11.948790		Sum squared resid	38.60626
Schwarz criterion	12.015606		Log likelihood	-122.6123
Hannan-Quinn criter.	10.975624		Deviance	245.2245
Restr. Deviance	34.43315		Restr. log likelihood	-126.1658
LR statistic	77.106979		Avg. log likelihood	-0.455808
Prob(LR statistic)	0.00000			

*Researcher's computation, 2021*

**Determinants of Risks Control:**

**AVOID= RISK AVOIDANCE**

**REDUC= RISK REDUCTION**

**RETEN= RISK RETENTION**

**TRANS= RISK TRANSFER**

**Interpretation and discussion of result in hypothesis two**

Organizations needed to control and monitored risks. Adequate risks control could influence the level of performance of a company. This was because risk control usually focused on how business risks could be reduced in order to step down its impact on performance. Looking at the result from table 4.19, it was found that the p-value of the z-statistics computed for risk avoidance simply avoidance of 0.0000 was less than the critical value of 5%. This revealed that the null hypothesis which stated that risk avoidance did not affect corporate training business performance was rejected. It was saved to infer that risk avoidance affected corporate training business performance. The implication of risk avoidance on business performance could not be underestimated. Appropriate risk avoidance could improve business performance greatly. Business risks must be avoided at all costs in order to enhance business performance. Avoiding the risks associated with business operations and activities add meaningfully to reported business performance. Avoidance business risks were risks that usually associated with human errors and mistake. For instant failure of a client to pay the required service fees might be avoided in future if the business delisted the client from their services and refused to offer further services to such a client. Financial irresponsibility of officials of the corporate training might decrease business profitability. This could be avoided by removing such officials from any financial commitment in the organization. The unavoidable risks of a business if occurred must be carefully controlled in order not for the risks to have a serious effect on corporate business performance. The regression coefficient obtained for the test variable was approximately equal to 6.00 with significant z-statistic value of 7.44. This indicated that there was a significant positive relationship between risk avoidance and corporate training business performance. This further implied that a 1% increase in the ability of the selected companies to avoid possible business risks could lead to 6% improvement in corporate performance. Thus, risk avoidance affected corporate training business performance positively. The sign of this coefficient conformed to the priori expectation for the variable. Thus, risk avoidance might be a determinant of corporate training business performance.

Also, it was discovered that the p-value of the z-statistics computed for risk reduction, simply reduction of 0.0000 was less than the critical value of 5%. This implied that the null hypothesis which showed that risk reduction did not affect corporate training business performance, was rejected. It was



reasonable to assert that risk reduction affected corporate training business performance. The reduction of risks by pulling out of unprofitable markets by the corporate training organizations could free more revenues to be declared as profit for the organization. Corporate training organizations must ensure that training engagement and clients that contributed no significant revenue to business performance must be discontinuous. Doing might enhance the reported income of the organization. Another risk reduction technique the business could adopt were; process change and culture change. Profit oriented organizations must realize that they were in business for gain and that service to customers must not be replaced with business objective. In fulfilling business objective, therefore, any risk that might impair or serve as embargo to the achievement of business target, if not totally eliminated from being reduced. Aliyu (2017) asserted that risk reduction was a strategy means of reducing the effect of risk through objective approach that helped in transferring the burden of risks to third party. Thus, organizations risks needed to be reduced to a bare minimum in order to improve business performance. The regression coefficient obtained for the variable of risk reduction was 1.01 and positive with significant z-statistics value of 34.14. This showed that there was a significant positive relationship between risk reduction and corporate training business performance. The resultant effect of this was that a 1% increase in the desire of the organization to reduce their risks might lead to 1.01% improvement in corporate performance. The sign of the variable was in conformity with a priori expectation and hence, risk reduction might be a determinant of corporate training business performance. Risk reduction affected corporate training business performance positively.

Moreover, the result in the table showed that the p-value of the z-statistics calculated for risk retention of 0.0000 was less than the critical value of 5%. This indicated that the null hypothesis which stated that risk retention did not affect corporate training business performance, was rejected. It was reasonable to assert that risk retention affected corporate training business performance. The retention of business risks was the desire or intention of businesses to retain risks that were beneficial to the organizations. Hence, risk retention through strategic means could enhance the performance of the selected corporate training organizations. Risks could be retained by making adequate provisions/covering for the risks through self-insurance. Organizations might decide to retain risks through exploitation strategy and by mitigating strategy. More so, business risks might be optimized in order to enhance business performance. In risk optimization, an organization tried to reduce the impact of the risks on corporate performance by undertaking only business operations/activities which risks could add meaningfully to corporate performance. The regression coefficient computed for the test variable of 0.18 was positive with significant z-statistics value of 4.90. This implied that there was a significant positive relationship between risk retention and corporate training business performance. The economic interpretation of this was that a 1% increase in the desire of the selected corporate training organization to retain possible beneficial business risks might lead to 0.18% improvement, their corporate performance. The sign of this variable was in conformity with a priori expectation and hence, risk retention might be one of the components of risk control that influenced corporate training business performance positively.

It was found that the p-value of the z-statistics computed for risk transfer of 0.0024 was less than the critical value of 5%. This indicated that the null hypothesis which stated that risk transfer was not significant on the corporate training business performance, was rejected. It was saved to assert that risk transfer was significant on the corporate training business performance. The performance of corporate training organizations might be a direct function of the extent/degree at which the organization could be able to transfer its risks without affecting operational activities of the firms. For instance, there was need for the training organizations to always outsource activities and operations that were highly exposed to risks. This would reduce a situation whereby the bulk of the business profit had to be ploughed back into the business in order to cover risks. Also, the desire of the corporate training organizations to see an improvement in their profitability level might come to fruition through risk transfer strategy term commercial insurance. With this insurance policy business risks were transferred to the insurance company. This form of arrangement protects the business from unnecessary exposure to risks and sudden risks that might impede business operations. Further looking at the result in the

table, it was discovered that the regression coefficient obtained for the variable of risk transfer of 0.80 was positive with significant z-statistics value of 4.53. This showed that there was a significant positive relationship between risks transfer and corporate business performance. The resultant effect of this was that a 1% increase in the desire of the selected organizations to be able to transfer its risks through adequate insurance cover and others self-insurance policy might lead to 0.80% improvement in the corporate training business performance. Thus, risk transfer and corporate training business performance were related. The sign of the coefficient of the variable was in tandem with a priori expectation and hence, risk transfer might be a determinant of corporate training business performance.

Furthermore, the results of the other test statistics computed revealed that risk transfer might help the selected organizations to free more revenues for business operation than to cost. For example, the McFadden R<sup>2</sup> obtained for the test of 0.93 revealed that approximately 93% of corporate training business performance was due to risk controlling mechanism adopted by the training organizations. This further showed that the ability of the corporate training organizations to strategically control its risks through, avoidance, reduction, retention and transfer mechanism had added approximately 93% to the reported performance of the organization. Hence, risk avoidance, risk reduction, risk retention and risk transfer were good determinants of risk controlling mechanism that enhanced organizations corporate performance. Also, the p-value of the LR-statistics computed for testing the significance of the overall null hypothesis two of 0.0000 was less than the critical value of 5% with significant statistics of 77.11. This showed that the joint null hypothesis which stated that risk control mechanisms did not affect corporate training business performance in Nigeria, was rejected. It was saved to assert that risk controlling mechanism affected corporate business performance in Nigeria positively. The results of the information criterions obtained indicated that risk controlling mechanisms provided better explanation on corporate training business performance. All standard errors of deviations and likelihood statistics were within the acceptable threshold. Thus, risk controlling mechanism and corporate training business performance directly related.

## **SUMMARY, CONCLUSION AND RECOMMENDATION**

### **Summary of Findings**

This study examined the impact of risk control mechanisms on corporate training business performance of some selected training services providers in Nigeria.

Specifically, the study investigated the effect of risk identification on corporate training business performance, examine how risk controlling mechanism affects corporate training business performance and investigates if there is any significant relationship between risk financing and corporate training business performance in Nigeria. It was found that risk controlling mechanism affected corporate training business performance positively. This inference was premised on the fact that the regression coefficient obtained for the variables of risk controlling mechanisms; risk avoidance, risk reduction, risk retention and risk transfer were positive and significant.

### **Conclusion**

It was concluded that risk controlling mechanism affected corporate training business performance positively in Nigeria. Specifically, it was observed that the variables of risk controlling mechanism of risk avoidance, risk reduction, risk retention and risk transfers had positive regression coefficients with significant z-statistics values. S, it was concluded that there is a positive relationship between risk control mechanisms and corporate training business performance in Nigeria.

### **Recommendation**

The study recommends that risk controlling mechanism of the training organizations must be effective in avoiding, reducing and retaining (beneficial) and transfer business risks to third party in order to reduce the consequence of the risk on business performance. Risk reduction through insurance deductibles should be integrated as part of the risk management policy of the training organizations.

This will reduce the burden of the risk on the training organizations and enhanced business performance. More so, risks not relevant to business operations must be avoided at all cost by the training organizations.

### Contribution to Knowledge

This study had contributed to existing knowledge in the field of risk management and training and development. The study had indicated that effective risks controlling mechanism through appropriate avoidance, reduction, transfer and retention of beneficial risks might improve corporate training business performance. Therefore, corporate training and other business risks must be controlled and monitored in order to reduce its impact on the performance of an organization. In terms of analytical contribution, the study had shown that, the use of advanced statistical technique like classes of probit regression applied in this study, might produce result that might be termed reliable and enable generalization of the research findings.

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**APPENDIX**

**Questionnaire for Impact of Risk Control Mechanisms on Corporate Training Business Performance of Selected Nigerian Training Providers.**

**SECTION A: INTRODUCTION QUESTIONS**

Instruction: Please tick ( ) appropriate response to the question where necessary

1. Name of your organization -----
2. How long has your organization been operating as a corporate training provide? (i) less than 5 years( ) (ii) from 5-10 years( ) (iii) from 10-20 years( ) (iv) more than 20 years ( )
3. Does your organization have any existing risk management system/policy? (i) yes ( ) (ii) No( )

**SECTION B (BACKGROUND INFORMATION ON THE RESPONDENTS)**

Instruction: Please tick as appropriate.

1. Age in years (i) less than 35 years( ) (ii) from 35-45 years( ) (iii) from 46-5( ) (iv) more than 55 years ( )
2. Education (i) less than Bachelor Degree ( ) (ii) Bachelor Degree ( ) (iii) Master Degree ( ) (iv) Higher Degree ( )
3. Year of working experience (i) less than 5 years( ) (ii) from 5-10 years (iii) from 11-15 ( ) (iv) from 16 - 20 years and above ( )
4. What is your position in the organization? (i) Management staff ( ) (ii) Administrative/facilitating staff ( ) (iii) Technical/support staff ( ) (iv) other (please specify) -----

**SECTION C (RESEARCH TEST ITEMS ON RISK CONTROL MECHANISMS)**

**INSTRUCTION:** This section consists of research questions on risk control mechanisms. In this section, the test items (questions) are weighted based on five point likert scales. You are required to tick ( ) the appropriate likert response to the test item. The scales are:

- Strongly Agreed (SA) =5  
 Agreed (A) = 4  
 Partially Agreed (PA) =3  
 Disagreed (D) =2  
 Strongly Disagreed (SD) = 1

	<b>RISK CONTROL</b>					
<b>I</b>	<b>AVOIDANCE</b>					
1	Activities and operation not encouraging organization performance are clearly avoided in your organization					
2	Your organization tries to eliminate exposure that may negatively affect the company assets.					
3	Your training organization always remove activities that may expose the company to unnecessary losses					
4	Clients that usually default in their payment are not considered by your organization for future engagement.					
<b>II</b>	<b>Risk Reduction</b>					
5	Pulling out of specific market/client training engagement is one of the risk reduction strategies adopts by your organization					
6	“Process changing” is a risk reduction strategy used by your company					
7	Discontinuing a client training engagement is a key risk reduction technique used by your company					
8	Culture change is a risk reduction technique used by your organization	<b>SA</b> <b>5</b>	<b>A</b> <b>4</b>	<b>PA</b> <b>3</b>	<b>D</b> <b>2</b>	<b>SD</b> <b>1</b>
<b>III</b>	<b>Risk Retention</b>					
9	Insurance deductible or self-insurance is a strategy of risk retention by your company					
10	Exploitation strategy is a risk retention strategy used by you company					
11	Mitigation strategy is a risk retention strategy used by your organization					

12	Optimizing risk or reduction is a strategy of risk retention used by your company					
<b>IV</b>	<b>Risk Transfer</b>					
13	Your organization has full insurance policy on possible training business risks.					
14	Activities and operation that are highly exposed to risks are contracted out.					
15	Risks due to clients mistake have been adequately transferred to them through hidden charges					
16	Risks due to negligence and official recklessness are bearable by the concerned officials.					

**SECTION D: Corporate Training Business Performance**

Instruction: This section consists of test statement on performance of corporate training organizations. The test statements are weighted using two point likert scale of; Improved = 1 and not improved = 0. Thus, you are required to tick ( ) the appropriate response to the test items on the left hand side of the table.

	<b>Variable</b>	<b>Improved Yes 1</b>	<b>Not Improved No 0</b>
1	As result of the risk transfer strategy used by your organization the profitability level has been enhanced		
2	Employees contribution has improved in the organization due to risks monitoring and review technique that ensures that more revenues are freed for the payment of staffs emolument		
3	Training objective has been satisfactorily achieved due to less risks exposure of the company.		
4	Increasing participants' turnout has been recorded.		
5	Organizational growth has been sustained		
6	Participants' feedback useful for future risk elimination has been activated.		
7	Some selected performance indicators such as gross earnings, net profit margin and return on total assets have been enhanced due to risks control mechanism in your organization.		

**TEST OF HYPOTHESIS**

**OBJECTIVE**

Dependent Variable: CTBPER  
 Method: ML - Binary Probit (Quadratic hill climbing)  
 Date: 06/24/21 Time: 17:20  
 Sample: 1 269  
 Included observations: 269  
 Convergence achieved after 4 iterations  
 Covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
AVOID	5.990097	0.804882	7.442205	0.0000
REDUC	1.005698	0.029461	34.13659	0.0000
RETEN	0.182121	0.037157	4.901391	0.0012
TRANS	0.804246	0.177572	4.529126	0.0024
C	1.813333	2.544325	0.712697	0.2310
McFadden R-squared	0.928165	Mean dependent var		0.821561
S.D. dependent var	0.013595	S.E. of regression		0.382408
Akaike info criterion	11.948790	Sum squared resid		38.60626
Schwarz criterion	12.015606	Log likelihood		-122.6123
Hannan-Quinn criter.	10.975624	Deviance		245.2245
Restr. deviance	34.43315	Restr. log likelihood		-126.1658
LR statistic	77.106979	Avg. log likelihood		-0.455808

Prob(LR statistic)	0.00000		
Obs with Dep=0	48	Total obs	269
Obs with Dep=1	221		

**POOLED RESULTS FOR VARIABLES OF RISK CONTROL**

Warning # 849 in column 23. Text: en\_NG  
 The LOCALE subcommand of the SET command has an invalid parameter. It could not be mapped to a valid backend locale.  
 \* Define Variable Properties.  
 \*VAR00001.  
 VARIABLE LABELS VAR00001 'EISK AVOIDANCE'.  
 EXECUTE.  
 \* Define Variable Properties.  
 \*VAR00002.  
 VARIABLE LABELS VAR00002 'RISK REDUCTION'.  
 EXECUTE.  
 \* Define Variable Properties.  
 \*VAR00003.  
 VARIABLE LABELS VAR00003 'RISK RETENTION'.  
 EXECUTE.  
 \* Define Variable Properties.  
 \*VAR00004.  
 VARIABLE LABELS VAR00004 'RISK TRANSFER'.  
 EXECUTE.  
 DESCRIPTIVES VARIABLES=VAR00001 VAR00002 VAR00003 VAR00004  
 /STATISTICS=MEAN STDDEV MIN MAX.

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
EISK AVOIDANCE	269	8.00	20.00	17.0520	2.17626
RISK REDUCTION	269	8.00	20.00	17.0595	2.16919
RISK RETENTION	269	7.00	20.00	16.1822	2.52456
RISK TRANSFER	269	7.00	20.00	16.1896	2.52697
Valid N (listwise)	269				

**One-Sample Test**

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
EISK AVOIDANCE	128.512	268	.000	17.05204	16.7908	17.3133
RISK REDUCTION	128.986	268	.000	17.05948	16.7991	17.3199
RISK RETENTION	105.130	268	.000	16.18216	15.8791	16.4852
RISK TRANSFER	105.078	268	.000	16.18959	15.8862	16.4929

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.837	.839	4

**Summary Item Statistics**

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	16.621	16.182	17.059	.877	1.054	.252	4
Item Variances	5.550	4.705	6.386	1.680	1.357	.917	4

**ANOVA**

	Sum of Squares	df	Mean Square	F	Sig
Between People	3997.294	268	14.915	27.943	.000
Between Items	203.569	3	67.856		
Within People Residual	1952.431	804	2.428		
Total	2156.000	807	2.672		
Total	6153.294	1075	5.724		

Grand Mean = 16.6208

**Hotelling's T-Squared Test**

Hotelling's T-Squared	F	df1	df2	Sig
102.779	34.004	3	266	.000

