

Enterprise Risk Management Practices and Financial Performance of Apparel Industry in Sri Lanka

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The apparel industry plays an important role in the Sri Lankan economy. However, based on the previous literature apparel factories continuously face many internal and external risks and business recessions that affect their performance. Therefore, the main objective of this paper is to identify the impact between enterprises' risk management practices and a firm's financial performance. To achieve the said objective, researchers conducted a questionnaire-based survey of 167 managers involved in enterprise risk management in the apparel industry in Sri Lanka applying a simple random sampling method. This study is quantitative research that adopts ontological and positivist research philosophy. The Statistical analysis has been done through correlation coefficient analysis with the SPSS software. Results found that small apparel factories' risk management systems turned out to be relatively weak and informal. Further, firm size and management attitude toward risk have been shown to significantly impact enterprises' risk management practices and company financial performance. The findings confirmed a strong positive correlation between risk management practices and financial performance in the Sri Lankan apparel sector.

Keywords: *Apparel Industry, Enterprise Risk Management, Financial Performance, Firm Size, Management Attitude*

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