RISK MANAGEMENT STRATEGIES AND PERFORMANCE OF SACCOS IN NAKURU COUNTY, KENYA

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DECLARATION

This project is my original work and has not been submitted to any other institutions of higher learning for award of any degree.

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Approval

This project has been submitted for study with my approval as the University Supervisor

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DEDICATION

This research project is dedicated to Almighty God for giving me the strength all through. This research project is also dedicated to my parents Mr. John Okore and Mrs. Esther Okore for their support and guidance.

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OPERATIONAL DEFINITION OF TERMS

Co-operatives: This refers to autonomous association of Saccos joining purposely to meet their regular financial, social and social needs and yearnings through a jointly owned and fairly controlled business.

Credit Management: Is the way toward controlling and gathering installments from clients by the saccos. This is the capacity inside a Sacco or organization to control credit strategies that will improve incomes and lessen monetary risks.

Credit: Money that a Sacco permits an individual to utilize and then return in the future.

Risk Avoidance: Is a temporary of risk management where the objective is to dispose of a risk and not simply lessen it. Instead of moderating existing danger, it plans to dispense with the wellspring of the risk inside and out, at times supplanting it with a littler, all the more effectively sensible risk.

Risk Management Strategy: This provides a structured and coherent approach to detecting and managing peril.

Risk Management: Is the way toward distinguishing, evaluating and controlling risks to an organization's capital and profit.

Risk Reduction: A systematic strategy to detecting, assessing and lower the peril of disaster.

Risk Retention: Refers to a conglomerate decision to assume liability for a jeopardy it experiences, instead of transferring the jeopardy over to an insurance agency.

Risk Transfer: Refers to strategy of managing and controlling jeopardy strategy which involves the contractual shifting of a pure jeopardy from one party to another.

SACCOs: They are self-governing conglomerate of individuals joined voluntarily to meet their basic monetary, social, and social needs and goals through a jointly owned and equitably controlled endeavor and are enlisted with the co-agent's department.

ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance

CP: Contingency Planning.

ERM: Enterprise Risk Management

ICT: Information Communication Technology.

SACCOs: Savings and Credit Co-operatives Societies.

SASRA: Societies Regulatory Authority.

SPSS: Statistical Product and Service Solutions

ABSTRACT

Savings and Credit Co-operatives Societies (SACCOs) are in the business of safeguarding money and other valuables for their members besides providing loans and offering investment financial services. Credit creation is the main income generating activity for the SACCOs. But this activity involves huge risks to both the lender and the borrower. The researcher carried out this study to establish the effect of risk management strategies on performance of SACCO's in Nakuru County, Kenya. The specific objectives of the study were; to identify the effect of risk avoidance, risk reduction, risk transfer and risk retention on performance of SACCO's in Nakuru County, Kenya. This study will be significant to SACCO's as their top management who are in charge with the responsibility of managing risk will get valuable information in this field and ways of enhancing performance of SACCOs. This study adopted descriptive survey research design. The target population of this study was 165 credit, finance and management staff working with Saccos in Nakuru County. To draw the 63 study respondents from the targeted population, simple random sampling method was utilized. The data collection instrument used in the study was questionnaires. The statistical tool for the analysis was Statistical Package for the Social Sciences (SPSS) version 25. Presentation was done in form of tables. The study findings revealed that, there is a positive correlation among the dependent and the independent variables in this study. It was concluded that, risk management by the Saccos in Nakuru is accompanied by detailed plans concerning risks and thus enhances Saccos performance. Risk reduction has a positive effect on performance of Saccos and that most of the Saccos in Nakuru County conducts regular inspections to enable them reduce occurrence of risks in their saccos. Most of the Saccos prefers risk transfer which is done by reinsuring their operations with the insurance companies to enable them avoid risks. The researcher further concluded that, risk management strategies by the SACCOs has led to high SACCOs profitability. The study recommends that risk function profiling should be maintained, and that Sacco's should emphasize risk management and risk control measures. Saccos performance would probably enhance by observing and applying risk control and management methods. Monthly reports should be produced, assessed and interpreted to provide a clear image of the Sacco's status. Further study should consider the use of both qualitative and quantitative methods that can be used to evaluate borrowers.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizational performance should be related to factors such as profitability, improved service delivery, customer satisfaction, market share growth, and improved productivity and sales (Richard 2009). Organizational performance is therefore affected by a multiplicity of individuals, group, and task, technological, structural, managerial and environmental factors. Increasing organizational performance is a goal every organization is pursuing. Organizational performance can be most simply defined as company performance compared to goals and objective. Wu & Liu, (2010). Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations (Yuchtman & Seashore, 2014).

According to Chapman and Cooper (2009), risk is the possibility of suffering economic and financial losses or physical material damages, as a result of an inherent uncertainty associated with the action taken. Risk management process entail four key steps. These include risk identification, risk analysis and measurement, selection of appropriate combination of techniques to treat loss exposures, and lastly implementation and monitoring risk management program (Rejda, 2011). Dorfman (2014) defines risk as the variation in possible outcomes of events based on risk, hence the greater the number of different outcomes that may occur, the greater the risk and (Harrington, 2015) states that at its most general level, risk is used to describe any situation where there is uncertainty about what outcome will occur.

Various issues such as the capital adequacy levels in the institution system, the role of rating agencies in financial regulation and the fair-value assessment of financial institutions assets are the most debated ones. In response to these crises, significant reformations have been carried out in the financial regulatory system. However, several issues such as lack of risk sensitive measures of the creditworthiness and weak incentives to strengthen risk management system emerge as shortcomings. (Porvali, 1993).

A risk management strategy provides a structured and coherent approach to identifying, assessing and managing risk. The purpose of the Risk Management

Strategy is to outline the minimum requirements and approach for risk managements, in order to address the requirements of the risk policies, (Lari, 2009). Viiru (2008) undertook a study on risk management at Kenya Power and Lighting Company Ltd and discovered that the Kenya Power was generally influenced by risks because of liquidity problems. Ondieki (2011) investigated the impacts of outer financing on the SACCOs performance in Kisii District and found that most of the challenges innate in the helpful development in Kenya included: helpless administration, restricted straightforwardness in the management of cooperatives, powerless capital base and framework shortcoming including ICT.

A Savings and Credit Cooperative (SACCO) is a type of cooperative whose objective is to pool savings for the members and in turn provide them with credit facilities (Lari, 2009). Other objectives of SACCOS are to encourage thrift amongst the members and also to encourage them on the proper management of money and proper investments practices. Whereas in urban areas salary and wage earners have formed Urban SACCOs, in rural areas, farmers have formed Rural SACCOS. There are also traders, transport, jua-kali and community-based SACCOS. Indeed SACCOs, with their diverse products and services, have given a new meaning to the financial sector in Kenya. Their most popular service is that of saving, which has evidently been the surest way to break the vicious cycle of poverty and is fundamental to sustainable economic development (Kuria, 2011).

1.1.1 Risk Management Strategies

Risk management is a focal piece of any undertaking organization's vital administration. It is a continuous procedure that proceeds through the term of a project (Gorrod, 2014). It is the path toward decreasing, constraining and controlling the probability of negative occasions just as extending the probability of positive occasions (Gardner, 2015). It is the technique whereby conglomerate address the peril attached to their work with the drive of attaining success with bit of leeway inside each activity and over the game plan everything considered. The point of convergence of good risk the administrators is the distinctive confirmation and proper handling of these risks.

Risk management is a sorted out approach to manage supervising vulnerabilities through riskstudy, making frameworks to direct it, and balance of risk through proper

utilization of conglomerate resources. The systems join trading to other social affair, evading the risk, lowering the deleterious impacts of risk, thus enduring a couple or most of the aftereffects of a specific peril. Some conventional jeopardy administrations concentrated on peril originating from whose origin was physical or linked to lawful, for example, cataclysmic events or flames, mishaps, passing and claims. (Huizinga and Demirgue, 2009).

Risk management is a focal piece of any task organization's key administration. It is a progressing procedure that proceeds through the duration of an undertaking (Gorrod, 2014). It is the way toward decreasing, limiting and controlling the likelihood of negative events and additionally expanding the likelihood of positive events (Gardner, 2015). It is the system whereby associations purposely address the risks interfacing with their exercises and drive of attaining bolstered advantage inside every exercises and over the course of action everything considered. The point of convergence of good management of risk is the distinctive verification and treatment of these risks. Dorfman (2017) states that there are four sorts of strategies that are used depending upon the component of risk that exists: risk evasion, risk decrease, risk exchange and risk retention.

The risk avoidance implies that by looking, various risks can be cleared out. In case noteworthy modifications are necessitated in the an association to evade risks, Darnall and Preston (2010) propounded that it’s better to espouse peril schemes that are well comprehended than the emerging ones, paying little mind to whether the emerging schemes may be of value and cost profitable. By doing so one may evade the risks and the conglomerate assignments go on effectively in light of the way that system is less irritating to the customers. Risk avoidance incorporates modifying the game devise to discard the danger or the situations which makes it to shield the association goals from its impact. This might be either by wiping out the wellspring of risk inside the organization or by dodging a few activities (Merna, 2014).

Risk transfer is the moving of the duty or weight for calamity misfortune to another party through enactment, protection or different methods. Risk management can assume a key job in overseeing characteristic risk risk and moderate or limit calamity misfortunes. This incorporate the utilization of fiasco securities, disaster pools, and

file-based protection and small-scale protection plans and Social assurance projects, for example, wellbeing nets and catastrophe reserves (Swarbrooke 2013).

Wisner (2014) characterizes risk reduction as the constituents measured with the potential upshots to limit susceptibility and peril to the overall public, to avoid or to restrain the antagonistic impacts of jeopardy, inside the expansive setting of supportable advancement. For instance, Risk Reduction is a methodical way to deal with recognizing, evaluating and lessening the risks of calamity.

Risk retention is the decision of an organization to assume responsibility for a particular risk it faces, rather than to exchange the danger to an insurance firm. Conglomerate frequently take risks when they are confident that the cost of doing as such is less than the cost of guaranteeing against it entirely or halfway. On the off risk that an organization holds a specific risk, it should pay for adversities from that possibility out of its own spare stores. Thus, it is huge for associations to guarantee that they can properly remain to pay for potential hardships before they settle on the decision to hold explicit risks. Associations may hold risks if the premiums for ensuring against it are particularly high (Huizinga and Demirgue, 2009). This investigation will focus on the accompanying procedures on the previously mentioned techniques; risk avoidance, risk maintenance, risk transfer and risk reduction.

1.1.2 Performance of Sacco's

As indicated by (Kotler, 2012) performance alludes to satisfaction or the fulfillment of a commitment. Throughout the years, authoritative Performance has for some time been related with the board of researchers and business leaders worldwide. There is an expansive understanding far and wide that as an issue of corporate strategy, each organization endeavors to be submitted in a way that is flourishing and exceptional. It is regularly contended in numerous examples that; it is of principal significance of an organization to fulfill its clients in a way that perceives their broadened needs and utilization of adaptable administrative choice as this will profit the organization particularly over the long haul. Consequently, for an organization to push ahead in the part of performance, it is anyway significant for such an organization to have great comprehension of client needs and furthermore pay attention to it as this can undermine the aggressive quality.

Performance measurement is a basic factor for successful business management for any business course of action. Performance measurement frameworks advance the primary concern by cutting procedure cost and improving efficiency and mission viability (Richard D, 2009). It additionally gives a levelheaded premise to choosing what business process enhancements to make and when. Performance measurement additionally enables directors and officials to recognize best practices in an organization and grow their application in the organization. Performance measurement is likewise basic for authoritative benchmarking against other comparable organizations (Best, 2009).

In 2017 the SACCO Societies paid a normal 6.95% enthusiasm on individuals' stores (investment funds) which was a stamped reduction from the normal rate of 9.7% paid in 2016. In the meantime, the SACCO Societies paid a profit rate on the individuals' offer capital of 8.34% which reflected an expansion from the rate of 7.1% paid in 2016. The normal rate of profits by individuals from SACCO Societies hence added up to 7.48% in 2017, which reflected a reduction from the normal rate of 8.4% paid in 2016.

With respect to all growth performance parameters, the Kenyan DT-SACCO segment remained robust. The DT-SACCOs ' total asset base grew to Kshs 393.49 trillion in 2016, in-contrast to Kshs 342.84 trillion in 2015. This represented a growth rate of 14.8 percent year-on-year and was funded mainly by members ' deposits, which also grew by a similar percentage to reach Kshs 272.57 trillion recorded in 2016 from Kshs 237.44 trillion in the previous year. Loans and advances accounted for a huge proportion of the total assets, representing 73.42 percent of the total assets, up from Kshs 251.08 percent in 2015 to Kshs 288.92 billion in 2016. This represented an annual growth rate of 15.1 percent. On the other hand, the gross loans stood at 297.6 trillion Kshs in 2016, up from 258.18 trillion Kshs in 2015 representing a growth rate of 15.3 percent year-on-year. The DT-SACCO segment's capital reserves also increased from Kshs 50.83 trillion registered in the previous year to Kshs 61.26 trillion.

In Kenya, numerous Organizations have miserably failed in view of undermining the part of business performance. As per (Schindler,2010), Burgand Company which was a legitimate organization with millions peddling in benefits neglected to watch factors

influencing performance and lost its demographic to other up and coming organizations since they had esteemed the picture and neglected to accentuation on consumer loyalty through item improvement. This applies to all parts of business condition is applicable to the direct of people and whole organizations (Kreitner, and Kinicki 2017). Jackson, (2017) states that when an organization is brimming with individuals settling on upgraded choices, it makes a culture of uprightness, a steady, positive environment that assembles assurance, cultivates inner and outer dependability and improves morale coming about to extraordinary performance.

Generally, the idea of authoritative performance relies upon the likelihood that an association is the headstrong affiliation of gainful assets, embracing human, physical, and capital resources, to achieve a shared reason (Alchian and Demsetz, 2011). Those giving the focal points will simply submit them to the association in light of the fact that they are content with the regard they receive consequently, in regard to elective businesses of the advantages. Accordingly, the pith of Performance is the generation of noteworthy worth. While the regard made by the use of the contributed assets is identical to or more conspicuous than the regard anticipated by those contributing the merits, the points of interest will continue being made available to the association and the association will continue existing. Along these lines, regard creation, as portrayed by the advantage provider, is the major all in all Performance criteria for any association.

SACCOs works in the financial business whose fundamental line of business is collection of deposits from individuals and dispensing advances to individual loan members. Subsequently, their real source of income is loan interests. Finally, SACCOs has credits as their huge resources' bases. It is of significant to note that, performance is either estimated as far as monetary or non-money related components (Divenney 2008). Performance is the proportion of the benefits of the element since it gauges cost effectiveness in accomplishing the establishments' budgetary objectives. Then again nonperformance estimates involve such parameters as consumer loyalty's, new client obtaining and client's maintenance.

As indicated by Grace (2013), Risk Management affects cost and income proficiency and furthermore representative fulfillment. In this light, Risk Management affects both budgetary and non-money related aftereffects of the substance. This study will

consider consumer loyalty as a pillar of performance of SACCOs. This is on the grounds that; with enchanted clients the Sacco will gain new clients because of referrals from effectively existing clients. Therefore, this boosts the amount of deposits available for loans to the members. Where this is the case, the performance of the SACCOs is enhanced. The overall objective of this study is to assess the effect of risk management strategies on performance of SACCO's in Nakuru County, Kenya.

1.2 Statement of the Problem

Organization risk management may be a decent device of protecting an organization against misfortunes that might be brought about by event of risks. In any case, not all organizations have the abilities of setting an unmistakable risk the executive's procedure because of assets and aptitudes prerequisite. In Kenya, SACCOs engaged with deposit taking business are controlled by the SACCO Societies Regulatory Authority (SASRA). Despite the fact that the general performance of SACCOs amid the year 2017 stayed on a moderately solid upward development direction, it is obvious that there was a general loosening of the rate of development contrasted with the earlier year. The total asset portfolio of the SACCOs developed to reach Kshs 442.27 Billion from Kshs 393.29 Billion of every 2016 reflecting 12.4% rate of growth. In the earlier year in any case, the total asset resources developed by 14.8% representing practically 2.4% drop in the growth rate, (SASRA 2017). This demonstrates there is a drop on SACCO's performance, and this may present risk on SACCOs. A couple of studies have been done in Kenya Simiyu (2017) attempted an study on risk the management among microfinance foundations in Kenya. Then again Njiru (2013) conducted a study risk management of coffee cooperatives in Embu District. However, none of these studies have been undertaken on deposit taking SACCOs. It is for this reason that this study will be carried out to establish risk control strategies and performance of SACCO's within Nakuru County, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The key objective was establishing the effect of risk management strategies on performance of SACCO's in Nakuru County, Kenya.

1.3.2 Specific Objectives

i. To identify the effect of risk avoidance on performance of SACCO's within Nakuru County, Kenya.
ii. Determining the consequences of risk reduction on performance of SACCO's within Nakuru County, Kenya.
iii. To establish the effect of risk transfer on performance of SACCO's within Nakuru County, Kenya.
iv. To determine the effect of risk retention on performance of SACCO's in Nakuru County, Kenya.

1.4 Research Questions

i. What is the effect of risk avoidance on performance of SACCO's in Nakuru County, Kenya?
ii. What is the effect of risk reduction on performance of SACCO's in Nakuru County, Kenya?
iii. What is the effect of risk transfer on performance of SACCO's in Nakuru County, Kenya?
iv. What is the effect of risk retention on performance of SACCO's in Nakuru County, Kenya?

1.5 Significance of the Study

This study is of significant benefit to Savings and Credit Co-agents Societies as their top administration who are in charge of the obligation of overseeing risks get important data in this field and methods for upgrading performance of Saccos. This study will be utilized as a premise of further research on SACCOs risk management. It's helpful since it incites different study's to be embraced in this field. Further, the investigation is a source of reference to the field of SACCOs.

This investigation is helpful to policy makers specifically the SASRA for example in setting up techniques to administer the tasks of SACCOs in Kenya. The investigation examines and record issues identifying with risk the executives procedures on performance of SACCO's in Nakuru County, Kenya. It is thus that this study is criticalness to approach creators in that it's gives data on the most proficient method

to manage the SACCOs concerning the rules surveyed by the investigation, for example, risk avoidance, risk reduction, risk transfer and risk retention.

1.6 Limitations of the Study

Some of the respondents were reluctant in taking part in this study because of fear of victimization. The researcher had to explain to them the main purpose of the information which would be obtained and that it would be confidential and would only be only used for research purposes. Some respondents were not able to understand the need to give information and this made it difficult for them to respond. The researcher however explained to the respondents the importance of the study which enabled them to cooperate.

Some of the respondents had a very busy schedule and could not easily get time to answer the questionnaires. The researcher overcame this by using a drop and pick method which gave respondents an ample time to answer the questionnaires at their own free time, this ensured maximum response rate.

1.7 Scope of the Study

This research was concerned with the effect of the risk management strategies on performance of SACCO's within Nakuru County, Kenya. Nakuru is the fourth-largest city in Kenya after Nairobi, Mombasa and Kisumu. It is the capital of Nakuru County and former headquarters of the Rift Valley Province. The target population of this study were the Managers as well as Credit officers of the SACCOs within Nakuru County. Data collection was done in a period of 3 months.

1.8 Organization of Study

The study was divided into five chapters:

Section one is a basic part covering the foundation to the study, articulation of the issues, destinations of the investigation, explore questions, importance of the study, extent of the investigation and association of the study. Section two contains the hypothetical survey, experimental audit, Summary of writing and research gaps and the reasonable structure of SACCOS. This incorporates the investigation of what different specialists have expounded on the theme under study. Section three was technique used to gather information; this incorporated region of the study, investigate

configuration, wellsprings of information, inspecting configuration, test size and information preparing and study and introduction. Section four contains the descriptive analysis, inferential statistics, hypothesis analysis and hypothesis testing and the final chapter, fifth chapter contains the research summary, conclusions, recommendations and finally the suggestions for further studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter critically reviews the available literature on risk management and performance of SACCOs. It begins by reviewing theories related to risk management, then an overview of the empirical studies and literature on the risk management and performance of SACCOs.

2.2 Theoretical Review

2.2.1 Portfolio Theory

The theory of Modern Portfolio was presented by Markowitz (1959). This theory depends on two crucial bases of vital choices, that is, risk and return. The theory hypothesizes that there must be remuneration as far as returns for expecting a few risks. Financial specialists would consider taking interests in tasks that have return and risks in accordance with their risk profiles. As a standard, this theory considers that it isn't generally that the normal outcomes are acknowledged to the last digit. The model acknowledges that risk is the opportunity of deviation of the genuine comes back from the arranged returns. As indicated by (Chijoriga, 2007), this theory assumes that the financial specialists are reasonable, and the market is effective and very perfect. This implies the speculators are fit for settling on financial choices out of reason rather than instinct. Along these lines, they realize when to contribute or not to contribute and that they can foresee the adjustments in the market. Therefore, it very well may be reasoned that organizations may utilize this theory stipulations to moderate on risks confronting them.

As indicated by (Omisore, Munirat & Nwufo, 2012), Modern Portfolio Theory advocates the broadening of advantages as a risk relieving methodology. All variables held constant, putting resources into various classes of advantages goes about as a shield in case of volatilities in the market. Put in an unexpected way, this theory urges financial specialists to have an assortment of advantages in their portfolio. Organizations ought to gauge the risks and returns of the different classes of benefits and pick the one that amplifies the part's riches.

Liebenberg and Hoyt, (2003) takes note of that the thought of the organizations all risks in an all-encompassing way controls the association to accomplishing its objectives. This is the essential working of ERM. ERM looks to lessen the instability

of organizations procuring, share costs and decreases the expense of capital. This theory is extremely essential to the investigation since it helps in revealing insight into the job of risks in impacting the profits of association execution. Further, it helps on creating bits of knowledge on why management of risk is a significant key objective of organizations, and thus SACCOs are not exempted.

2.2.2 Contingency Planning Theory

The model was spearheaded by Fred Fiedler in 1958 amid his exploration of pioneer viability in getting conditions. Fiedler assumed that one's adequacy to lead rested on the control of the prevailing conditions and the style of initiative (Fiedler's, 2011). Dissimilar to the Situational theory of initiative, pioneer adequacy is reliant on the spearhead's style harmonizing the conditions, not fitting to it (Fiedler's, 2011). The theory accept that styles are espoused, and that they can't be attuned or modified (Gupta, 2009).

Possibility arranging (CP) otherwise called business progression arranging is a urgent component of management of risk. The key premise of Contingency Planning (CP) is that, because the entire perils may not be completely disposed of by and by, leftover risks dependably remain (Henderson, 1980). In spite of the association's absolute best endeavors to maintain a strategic distance from, forestall or relieve them, episodes will in any case happen. Specific circumstances, mixes of antagonistic occasions or unforeseen risks and susceptibilities may plot to overpower as far as the best data security controls intended to guarantee classification, uprightness and accessibility of data resources (Hisnson & Kowalski, 1980).

With regards to this investigation, CP is delineated as the entire exercises, controls, forms, devise and so on identifying with real occurrences and fiascos. It is the demonstration of getting ready for real occurrences and catastrophes, devising adaptable plans and marshaling reasonable assets that will become possibly the most important factor at a specific occasion, regarding what actually eventuates. The word 'possibility' infers that the exercises and assets required after significant episodes or fiascos are depended on the careful idea of the occurrences and calamities that really unfurl. In this sense, CP includes getting ready for the surprising and making arrangements for the obscure. The essential reason for CP is to limit the unfavorable outcomes or effects of episodes and debacles (Odhiambo & Waiganjo, 2014). This

theory is essential to this investigation in that it will empower association to get readied for the inconspicuous risks along these lines upgrading their performance.

2.2.3 Innovation Diffusion Theory

Innovation diffusion Theory (DOI), was propounded by E.M. Rogers in 1962. The theory posits that after some time, a concept or item emerges and diffuses through a specified population or an existing marvel. Dispersion advancement theory depends on how improvement in data innovation has been utilized to oversee risks by firms. As per Pincher (2018), dispersion of developments model tries to clarify how new advancements stream inside the divisions. Rogers (2013), states that there are an assortment of reasons why dispersions of advancements occurs inside an association. Notwithstanding, Lundblad and Jennifer (2009), takes note of that not all new innovation is beneficial to association. Along these lines, it is significant for firms to think about what new advancements to receive after a cautious investigation of the advantages and expenses of the proposed changes. Pincher (2018) adds that new innovation tries to tackle a specific existing issue.

As indicated by Anderson (2014), data innovation might be overseen as single capacity or as an incorporated framework. The model gives experiences on ERM since it is the administration of risks from an all-encompassing perspective. Anderson (2009) takes note of that the totaling of all risk the executive's frameworks through selection of new data and innovation tolls may prompt the advancement of the presentation of the firm. This theory is critical to this study since it gives a connection among innovation and risk the executives in firms. Present day risk the executive's techniques, for example, ERM utilize a lot of information and include extensive data handling. It is therefore significant that the elements utilize the fitting innovation so as to help the convenient fortune of data. It is consistent with do the trick that data on management of risk is just of advantage whenever acquired precisely and in a convenient manner.

2.3 Empirical Review

2.3.1 Risk Avoidance and Performance of SACCO's

Gisemba (2010) led an investigation on the effects of evading risk on profitability of SACCOs and discovered that they espoused diverse methodological in screening and breaking down jeopardy prior granting credit to patrons to limit advance misfortune.

This involves building up limit, conditions, utilization of security, borrower screening and utilization of risk study in endeavor to diminish and oversee credit jeopardy. He reasoned that for Savings Credit and cooperatives to oversee credit risks successfully ought to limit advance defaulters, money misfortune and guarantee the conglomerate profit while focusing on better utilization of the new resources.

Drzik (2015) uncovered that a risk management study demonstrated that expansive banks and credit conglomerate in the US has gained a significant ground on their advancement and performance of risk measures. The measures are utilized for risk control purposes, yet additionally for performance estimations and valuing. Dhakal (2011) on risk evasion in SACCOs discovered that risk avoidance isn't imbedded into the SACCOs institutional societies and its esteem isn't shared by all workers. He additionally noticed that given the limit, presentation of advanced frameworks and specialized instruments opportunity in evading in avoidance does not work and in this way they do not have the limit required for jeopardy evasion.

Wanyonyi (2015) conveyed a research of risk management methodologies for the exhibition of chose worldwide advancement organization situated in Nairobi city. The investigation discoveries appear to team up with Merna (2014) that risk avoidance includes changing task plan in order to shield targets of the venture from repercussion of risk by killing the condition that causes the risk. The investigation discovering demonstrates the presence of the measurably solid organization between avoidance of risk and the exhibition of the undertaking. This was unmistakably appeared by use of strategies with an end goal to stay away from risks which incorporate the utilization of alternate courses of action, utilization of work plan in a usage of ventures, performance of the wellbeing plan and normal investigation to guarantee no consequence happens that may meddle with the presentation of the undertaking.

As indicated by Cooper (2015), exercises like; activity audits, progressively nitty gritty arranging, insurance and security frameworks, elective methodologies, grant to work, preparing and abilities upgrade, procedural changes, customary reviews and preventive support can maintain a strategic distance from potential risks. Mhetre, Konnur and Landage (2016), recommended that evacuating the reason for risk will keep away from the risk by executing the venture in an alternate course while centering to accomplish the destinations of the undertaking. They additionally

contended that risk evasion includes the utilization of alternate course of action to dispose of a risk.

The possibility that the jeopardy delegated will convey negative results to the entire task, it is important to examine the point of the undertaking. As such, if the Jeopardy has an enormous impact on the venture, the best arrangement is to avoid it by modifying the scope of the task or dropping it, which is most noticeably terrible. There are several probable jeopardies that a conglomerate can adopt and can impact achievement (Mikaela, 2011). This is the reason why the executives are required to manage the harm after the Jeopardy event in the early times of a task as opposed to it (Mikaela, 2011). The avoidance implies that numerous risks can be dispensed with by taking a gander in the undertaking's options. In the event that there is a need for real change in the task to maintain a strategic distance from risks.

Ropel (2011) recommends to apply acknowledged and more created approaches rather than new ones, despite whether new ones may be more cost-effective with all the tasks. The risks can be kept away along these lines and because the scheme is less distressing to the clients, work can readily proceed. If the jeopardy is named to communicate negative results to the company as a whole, it is important to audit the company objectives. At the end of the day, if the threat has a significant impact on the company, the best arrangement is to keep a strategic distance from it. Many prospective risks that can influence its prosperity can be submitted to a company (Potts, 2008). This is why, instead of handling the damage after the Jeopardy case, opportunity management is needed in the original phases of a company (Mikaela, 2014). The evasion means that by taking a gander on company tasks choices, countless risks can be dispensed with. In the event that real business changes are needed to avoid risks, Darnall and Preston (2010) recommend that known and created procedures be applied all around rather than new ones, regardless of whether the new ones may seem more cost-effective by all accounts.

The risks can therefore be kept away and business tasks can easily continue in view of the fact that the system is less distressing for the customers. Jeopardy avoidance involves changing the marketable strategy to kill the jeopardy or the condition that shields the jeopardy from its effect all together. This could either be by killing the company's wellspring of jeopardy or by dodging business itself (Merna, 2014).

Taking exercises with a high likelihood of misfortune by making it difficult for jeopardy to occur or performing business activities in an alternative way that will accomplish similar destinations yet can be called risk evasion that protects the venture from the impact of the risk. Cooper (2015) show some exercises that can keep a strategic distance from potential risk: more point-by-point arrangement. Alternative methodologies, frameworks for protection and safety, operational surveys, regular studies, improvement of training and skills, work permits, procedural changes, and preventive maintenance.

2.3.2 Risk Reduction and Performance of SACCO's

Kiragu (2014) opined that the practice of jeopardy reduction definitely influences a conglomerate performance through control of misfortune, relief of risk and transfer of jeopardy to protective firms. They clarified that peril reduction rehearses ameliorates the arrival on the company's resources altogether. Shahroudi (2012) affirmed that diminishing jeopardy builds the nature of administration just as the organization's exhibition. They included that risk alleviation and performance has a positive relationship Ernst and Young (2016) discovered that conglomerate with legitimate jeopardy reduction rehearsals generate more income and risks linked with better resource profit and positive performance criticality.

A study by La & Choi (2012) showed that a positive critical organization with the authoritative performance has the impact of the executives ' risk. Wanjohi agreed that jeopardy management has a notable positive link to conglomerate exhibition. Asemeit & Abuda (2015), argued that there is a strong, enormous and affirmative connection amid conglomarate performance and jeopardy forms of executives. In any case, the Ministry of Higher and Tertiary Education, Science and Technology Development's Auditor General (2015) report outlines that lack of consistency in implementing a formal jeopardy management structure creates a more fragile connection between performance and control frameworks. Different researchers have made some doubtful discoveries against the effects of the executives ' jeopardy on performance.

Mudaki. (2012) contended that associations need enough money to support their presentation instead of risk-based executives; hence, the capital of the conglomerate has an affirmative association. As it may be, La & Choi (2012) argued that a powerless connection exists between jeopardy management and the presentation of an

organization. They suggested that the majority of board and executive choices could influence better performance than jeopardy the executives. Retno & Denies (2012) argued that an association with better benefits is locked into a smaller income age with little jeopardy to the executive structures, as a result, there is a negative link between jeopardy management and performance. Be that as it may, Keisidou (2013) found that jeopardy management and profit for value had a negative and enormous impact, creating a weak connection amid the two.

An investigation directed by Bhoola, Hiremath and Mallik (2014) surveyed risk treatment techniques rehearsed in programming advancement extends in India. They included 302 task administrators from different IT firms. The outcomes from the investigation uncovered that risk reduction methodology had the most noteworthy achievement in programming improvement ventures. Different techniques of risk management like evasion, transference, and acknowledgment were just reflected in the structure straightforwardness in correspondence to partners.

Tesch (2007) perceive a couple of risk reduction procedures as risk response courses of action. As a risk reduction strategy, the essayists prescribe raising danger conditions to higher organization. At the point when there is absence of devotion from the organization or the customer, the authors in like manner prescribe them to cooperate so as to grasp the reasons behind absence of concern. In their investigation, Roque and Carvalho (2013) surveyed the risk the executives sway on the exhibition of activities in Brazil. The principle examine objective was to comprehend risk evaluation result on its exhibition. The study was done in 415 distinct undertakings in different modern divisions in different states in Brazil. The study discoveries indicated positive aftereffects of receiving risk management control to diminish the event of a risk factor.

Laurentiu & Gabriela (2013) clarify the noteworthiness of a money saving advantage study on risks that exist in the venture. They likewise prescribe using an affectability study to recognize risk parameters that may influence the advancement of the task, operational period and may incite disappointment at a differed purpose of an actual existence cycle of activities. Financing assumes a significant job to which lead to risk lightening practices and engaging the structure to restore its typical working (Hecker, 2012). As demonstrated by Goble & Bier (2013) irregular correspondence of risk

evaluation results can ease venture risk. They likewise proposed that risk appraisals are risk assessments of sorted out information and a mechanism for correspondence. Subsequently, the sensible usage of risk evaluation 25 mechanical assemblies with adequate correspondence can diminish risk without a doubt (Veil & Husted, 2012). As indicated by Alexandra-Mihaela & Danut (2013), inward correspondence is a huge factor for undertaking the executives achievement. Along these lines, directors of the task embrace inside correspondence to guarantee the venture is conveyed in a normal way.

Kiragu (2014) couldn't unmistakably declare regarding the effects of lowering jeopardy on company's presentation. He affirmed that organizations' jeopardy level ought to be firmly checked and evaluated to guarantee ameliorations of profitability. Bandara & Weerakoon (2012) placed that risk administration is basic yet the connection among profits and jeorpardy management of firms isn't clear. Surveys of Auditor General (2014-2016) mirrored that there are no remedial estimates gone out on a limb to diminish risks as the discoveries are as yet repeating. The PAC (2015) additionally upheld that absence of risk reduction has been confirm by the repetitive of perceptions consistently.

2.3.3 Risk transfer and Performance of SACCO's

Ahamed & Azhar (2014) in their study evaluate late practices of risk investigation and the board grasped by contractual workers in Florida development industry. The study discoveries likewise uncovered that risk transfer procedure was received by over 55% of respondents in Florida as their system of overseeing risk. Discoveries likewise uncover that contractual workers of Florida utilize both risk transfer through money related methods, for example, protection or to claim to fame subcontractor, in any case, favors exchanging the risks to forte sub-temporary worker when the misfortune expected is higher. At long last, the study likewise uncovers that risk transfer at times can prompt low quality, low profitability and task delays.

In his study Koolwijk (2015), about risks shared and distributed by development customers and contractual workers in Dutch Project Alliances saw that most risks things are hard to envision amid arranging and configuration phase of development. He likewise seen that a few risks should be a community-oriented exertion for some, contracting parties for good administration. They likewise found a rundown 16 risks

things appropriate for joint risk the executives. Koolwijk (2015) likewise researched risk things shared between a customer and a contractual worker in two distinctive task coalitions. The discoveries from the study demonstrated a nearby likeness of the risk things to the one distinguished by Kumaraswamy and Rahman.

In their investigation on the affiliation of the concept of peril and performance of a conglomerate, (Renault & Agumba 2016). They propounded that the board of risk encompasses recognizing, assessing, organizing risks by checking and using capital to reduce the impact of risk in order to achieve venture goals. Furthermore, risk management can lead to numerous favorable circumstances incorporating increased confidence in the achievement of the task's destinations, Improve the likelihood of progress and recognizable evidence of good elective strategy. The investigation uncovered that it was necessary to distinguish risk before it was alleviated or controlled. Additionally, the investigation revealed that risk evasion, risk reduction, risk maintenance and exchange as stratagems that are commonly utilized when handling risk.

In their paper Bryan and Shapiro (2006), audit the utilization of development contracts and plan as the best technique for moving danger in the development business which can have the impact of decreasing expensive and bitter questions. As indicated by them the gathering that is more grounded will in general designate undesirable risks that it wouldn't like to bring about into a more fragile gathering and this does not generally give productive risk management procedure. Besides, inappropriately dispensed risk can influence both more grounded and flimsier gathering. Bryan and Shapiro additionally advocate that exchanging danger to the best party who can oversee it reasonably, adequately and effectively will result to progressively beneficial, fruitful venture and thus improve the exhibition of development venture.

Risk transfer as indicated by Mhetre, Konnur & Landage (2016) involves sourcing another gathering who is arranged and willing to take its administration control and money related duty when the risk happens. They additionally contended that exchanging risk does not dispose of it, as the risk will at present exist however it is overseen and controlled by another person. Truth be told, as indicated by them, risk reduction is the best system to manage risk introduction. Mhetre, Konnur a& Landage

(2016) additionally agreed that the principle of exchanging risk is to ensure that is claimed and taken care of by the best party. As indicated by Beard, (1982) assigning danger to the gathering best that will most likely control and foresee risks is the best activity. These gatherings ought to be eager to acknowledge the risks and furthermore have the budgetary strength to support the results (Abednego & Ogunlana, 2006). Rahman and Kumaraswamy (2012) agreed that a few risks for powerful administration they require a cooperation of contracting parties so they can be overseen successfully. Truth be told, they classified joint risk management under social contracting standards. These standards are significant under different endeavors, which incorporate the partnership of undertaking and joint wandering (Jones 2008).

If another master who has a more notable aptitudes or limitation can oversee a risk, the best alternative is to exchange it. Mikaela says the risk should be exchanged with people who know how to oversee it. Risks can be exchanged with the client, temporary worker, subcontractor, planner, etc., depending on the nature of the risk. Therefore, this could result in greater expenditures and extra work, mostly known as risk premium. It should be considered that the risk is not dispensed with; it is exchanged only for the session that is best ready to supervise it (Mikaela, 2014). Furthermore, moving risks and the adverse impacts they carry are a decision when the risk is beyond executive control, e.g. political problems or job strikes (Ropel, 2011). Circumstances may also include calamities in a specific scenario that are uncommon and uncommon. Such risks should be exchanged by insurance organizations that are past administration control.

Pott (2008) battled that that risk can be exchanged to parties who can oversee it appropriately. As indicated by him, risk can be exchanged to different entertainers which incorporate; the customer, subcontractor, temporary worker, creator and backup plan contingent upon attributes of risks. He likewise said this could result in extra work and greater expense generally alluded to as the premium. As indicated by Darnall and Preston, (2010) moving risks is the main elective when risk can't be constrained by task supervisory crew. Some of the time the circumstance comprise capricious disasters which are uncommon in specific conditions. Capricious disasters ought to be exchanged through protection arrangements since they are outside natural ability to control (Winch 2012).

2.3.4 Risk Retention and Performance SACCO's

In their study, Ploywarin & Song (2014) investigated risk reaction dependent on railroad development venture in Thailand. They isolated risk retention into uninvolved and dynamic risk retention. Dynamic risk retention implies the risk recognized intentionally in an arranged manner, while detached risk retention which the undertaking supervisors don't understand amid the arranging and are prepared to manage it. They likewise discovered that in building development risk retention is generally because of risk investigation of individual blunders and they suggested that risk administration staff ought to do their best to decrease the mistakes of risk recognizable proof and risk assessment. Moreover, they suggested that risk management work force should settle on risk choice and execute these choices on schedule for finish of criticalness and extensive activities.

This is the alternative when the risk can't be exchanged or stayed away from. Be that as it may, it must be controlled in order to decrease its effect (Potts, 2008). As per Thomas (2009), maintenance can likewise be the main decision when different risks the board methodologies are uneconomical. Risk retention it is tied in with tolerating the presence certain condition of risk and definition of genuine goals to permit the related dimension of risk, and not taking any extraordinary treatment to control it (Kerzner, 2013). Likewise, any proportion of likely misfortune over the safeguarded absolute called held risk.

The best arrangement is to hold the risk when a risk cannot be swapped or assumed. So as to limit the impact of its event, the risk ought to be managed for this situation, maintenance can may also be an option when other arrangements are not economical, and by having an overview of the whole venture, it is difficult to recognize constraints that cause harm. The uncovered regions ought to be modified when there is need to lower the peril perimeters (Mikaela, 2011). This is a method by moderating their probability to limit potential risks (Ropel, 2011). One approach to decreasing opportunities is to encompass utilization which can propound long-term benefits. Those perils that should be reduced and conveyed to parties that have gradually adjusted assets and results information (Ropel, 2011). By participating with different gatherings, sharing can also be an option. One bank of a SACCO cannot exploit the assets and experience of another along these lines. It is an approach to sharing the

company's risk obligations (Ropel, 2011). Additionally, if the likelihood of gigantic misfortune is negligible or if the cost of protection is too high to interfere with hierarchical goals (Gorrod, 2014). Detached assessment occurs due to a lack of basic leadership, oblivion or disregard, for example, the risk at the stage of offering has not been resolved and therefore the results must be borne by contract workers performing work. While dynamic maintenance strategy is a deliberate design of administration activity after the inauspicious assessment of probable misfortunes.

2.4 Summary of Literature and Research Gaps

It is apparent from the literature reviewed above that the findings are controversial in that risk management practices show a negative affiliation to company performance in some studies while positive relationships are seen in other studies. Previous studies have shown, according to Padachi & Howorth (2013) that companies tend to avoid studying financial and business risk management and thus the main reason for their poor performance. For these reasons, the current research studied Saccos' risk management strategies and performance in Nakuru County, Kenya.

Table 2. 1: Summary of previous studies and knowledge gap

Authors	Study purpose	Key findings	Knowledge gaps identified	Focus of the current study
Ogboi & Unuafe (2013)	Effect of capital adequacy and risk management on performances of Nigerian commercial banks	The evidence provided in this study, shows a comprehensive risk management procedure, as well as adequate capital are recipes for profitability.	Focuses only on performances	This study will assess risk management strategies and performance of saccos
Hakim & Neamie (2001)	Effect of risk management practices on performance of banks	The results reveal that variables of credits and profitability positively correlate whereas variables of liquidity had no impact on profitability for all the institutions.	The study was based on banks performances	This research shall be conducted on performance of saccos
Kalui & Kiawa (2015)	Effects of risk management procedures on performance among microfinance institutions (MFIs) in Kenya	The study established that (risk identification, risks monitoring, risk assessment, risk analysis) were important as they ensured that the task of managing risk was established in the entire entity.	This research only concentrated on risk management procedures	This study will focus on risk management strategies
Matere (2013)	Outcomes of practices of risk management on	Findings from this research was that risk management	This study was based on risk	This study will focus on risk management

	performance of private hospitals in Kenya	procedures can be used to influence profitability of the private hospitals.	management practices and performance	strategies and performance of Saccos
Kiplimo & Kalio (2012)	Effect of risk management practices on loan performance by MFIs in Baringo county	The study findings established that, there is a positive relationship between client appraisals and performances of loans.	This study was carried out a study to build up the relationship between risk management practices and performance of loans	This research will be conducted to establish how risk management strategies affect performance of Saccos
Gaitho (2010)	Evaluation of risk management practices by SACCOs	The study found out that SACCOs relied too much on the judgment and ability of portfolio managers for effective risk management practices instead of instituting standardized risk management procedures	This study was conducted on Saccos in Nairobi is of a higher population to that of Nakuru	The study will be conducted to evaluate the relationship between risk management strategies as saccos performance

2.5 Conceptual Framework

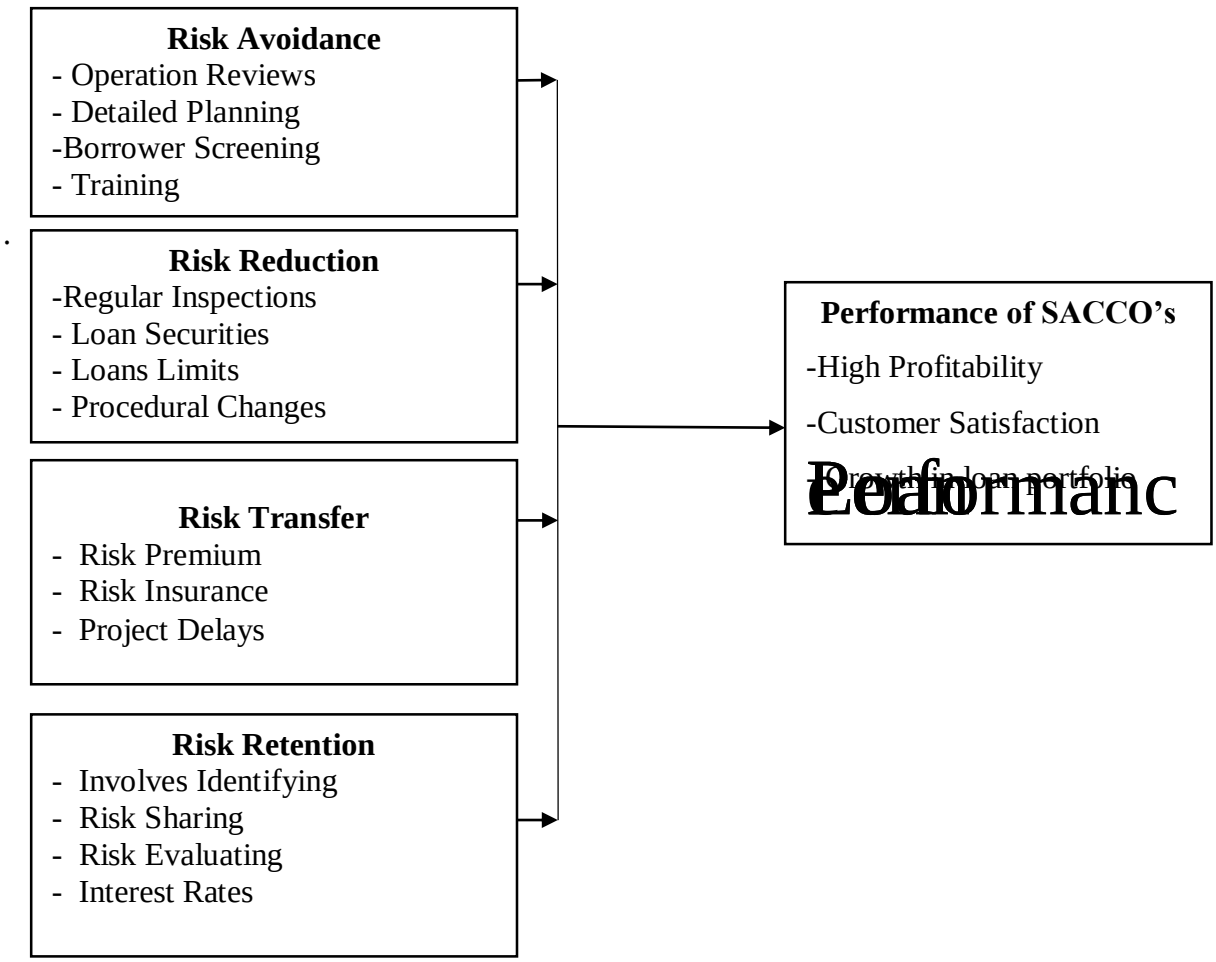

Figure 2.1: Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this section the methodology for collecting data is defined. The study strategy as well as population are also termed. Likewise, the instruments utilized to gather information, strategies for collecting data, pilot test and exploration of data are additionally portrayed.

3.2 Research Design

As indicated by Mouton (2011) a research design is an arrangement or plan of how you expect to conduct a study. Similarly, that the problem of the study, goal as well as aims of the study guide the study in a certain course, a suitable well-thought-out research design also guided the research course. This investigation received illustrative study examine plan. This investigation received elucidating research structure since it is a powerful plan to clarify the sort of relationship and effect that the free factors have on ward variable. The exploration configuration addresses the subject of what kind of study will be embraced so as to give answers to the study issue. As indicated by Zikmund (2003) surveys give a snappy and precise methods for surveying data if appropriately directed. A survey likewise attempts to evaluate social phenomena especially on issues or conditions that are predominant in the general public.

3.3 Study Population

Mugenda & Mugenda (2003), posits that a populace is delineated as a whole gathering of individual, occasions or articles with characteristics that are typically recognizable. Sekaran and Bougie (2011) delineates population to be an entire collection of persons, risks or premium things which the researcher wants to explore. A total of 165 finance, credit as well as administration staff engaging with Saccos within Nakuru County was targeted in this study. Appendix VI gives the circulation of Saccos in Nakuru County that will form the target population.

3.4 Sample Design

A strategy for picking a portion of a whole population with the goal that the population can be represented precisely is known as sampling (Chandran, 2004). Model is a sub-set of the targeted populace and it should be an appropriate representation of the population under study (Kothari, 2004). Consequently, this study

deliberates on an example that suitably represent to the finance, credit as well as management staff of SACCOs within Nakuru. This study used Nassiuma's (2000) formula to evaluate the study example scope. This is explained below.

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where,

n = Sample Size

N = Coefficient of variables

C = Coefficient of Variation (0.5)

e = margin of error size

$$n = \frac{165 * 0.5^2}{0.5^2 + (165-1)0.05^2}$$

n = 62.5

n = 63 respondents

So as to draw the 63 study plaintiffs of the targeted inhabitants, simple random specimen technique was utilized. The sample population was chosen from three particular strata specifically: credit officers, finance officers and management staff. Simple random sample was used because of its user friendliness and representation accuracy and that it is the easiest way to extract a study sample from a bigger population.

3.5 Pilot Test

A pilot test is an activity involving organizing the information gathering tool for fewer plaintiffs to examine the unwavering quality and legitimacy of information gathering tools. Kothari (2004) depicts a pilot study as the main survey's imitation and practice. To examine the trustworthiness of tools used in the study, the Mwalimu National Sacco Nakuru Branch steered up a pilot research with five questionnaires to pre-test the research instruments. The Mwalimu National Sacco Nakuru Branch was therefore excluded from the actual study to avoid duplication.

The purpose of the pilot test, according to Bryman (2012), is to establish the correctness and correctness of the design and tools of the study. Newing (2011) says the significance of the pilot test cannot be exaggerated as one will always find unmistakable queries and queries that turn out to be unrelated among other errors to produce the type information. Cooper and Scindler (2011) agree that a pilot test is design and implementation weaknesses to detect. Sekam (2008) points out that pilot testing is essential to test the reliability of data collection tools and the study's validity

3.5.1 Validity of Research Instruments

Piloting was done in order to examine the instruments ' legitimacy as well as dependability. Validity indicates the extent to which the device estimated the under scrutiny (Mugenda and Mugenda, (2003). There are 3kinds of legitimacy tests that incorporate validity of substance, rule and associated development (Ngechu, 2006). Standard related validity, also referred to as instrumental validity, is used by contrasting it to demonstrate the accuracy of a measure or strategy and other measure or system that has been shown to be substantial. Developing validity seeks to comprehend a hypothetical concept amid a specific gadget or technique of estimation. Content Validity depends on the diversity of which the estimate reproduces the exact area of substance proposed (Carmines and Zeller, 2009).

Content validity is a non-factual type of validity that includes deliberate investigation of the test substance to determine whether it covers an agent test of the conduct space to be estimated or the degree to which the point understudy is sufficiently included by an estimating instrument. If the instrument contains a universe agent test, the validity of the substance is great; For the most part, its assurance is judgmental and instinctive (Shadish 2012). It can also be dictated by using a board of people to judge how well the estimating instruments meet the guideline, but there is no numerical method for expressing it. In the case of this study, the researcher consulted with various experts and academic professionals to improve the validity of content.

3.5.2 Reliability of Research Instruments

The questionnaire's dependability measures the scope to which a tool gives similar results every time it is utilized or the aptitude to replicate similar outcomes when the research is concurrent when subject to same conditions using the data collection instrument (Kothari, 2004). The questionnaire's reliability was examined using

internal consistency. Internal steadiness is the quota of dependability that measures the extent to which the same construct measures are consistent with each other (Cooper &Schindler, 2008). The coefficient Cronbach Alpha was used to quantify the dependability of interior. A high coefficient suggests excessive correspondence between the items.

The Cranach's Alpha Test was done on all the self-governing as well as dependent variables which gave a threshold which was greater than 0.7. According to George and Mallery (2008), a Cronbach alpha coefficient greater or equal to 0.7 is suitable. All the variables were therefore retained for the study.

Table 3.1: Reliability test

Study Variable	No of Test Items	Cronbach's Alpha
Risk avoidance	5	0.786
Risk reduction	4	0.763
Risk transfer	4	0.836
Risk retention	4	0.713
Performance of Saccos	4	0.741

3.6 Data Collection

Data collection was primary for the determination of carrying out the study and achieving the goals of this study. According to Donald & Schilder (2006), primary data collection involves questionnaire administration by approaching relevant individuals who respond appropriately to such questions. Research tools are, according to Mugenda (2009), a means of collecting primary data. The researcher used questionnaires in this study**.** The questionnaires contained closed ended and open ended questions in which the research required the respondent to respond to at their knowledge from the available options. In this case, the respondents were generally branch managers, credit officers, and SACCO's operations managers in Nakuru County. According to Selltiz (2009), questionnaires that are likely to return are those of attractive, short, clear, and easy to fill out presentation. In order to enable the researcher to make correct inferences, the questionnaires seek to obtain data on risk management strategies in place.

3.7 Data Collections and Instruments

Questionnaires that had closed as well as open-ended queries were used in data collection during the study. Closed ended questions are used to facilitate analytical ease. Questionnaires were the most appropriate data collection method for this study because the respondents are literate enough to complete the questionnaire

3.8 Data Collection Procedure

Questionnaires that were semi-structured were cast-off to obtain primary data. It divided the questionnaire into two subdivisions. Segment one was designed to obtain overall facts about the respondents and segment two consisted of questions about strategies for risk management. The surveys were managed by drop-and-pick technique later. The respondents had been given a one-week period to complete the questionnaire, which gives the respondents ample time to study, understand and fill them accordingly, providing the researcher with valuable information needed within this study

3.9 Data Analysis and Presentations

Data gathered was qualitative as well as quantitative. Qualitative facts were examined by use themes and narratives through content examination. Using descriptive data such as mean and standard deviation, quantitative data was analyzed. Research findings was examined using inferential statistics. The statistical tool used in analysis was the Social Sciences Statistical Package (SPSS) version 25 so as to generate regression model results

The regression model is as follows;

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \varepsilon$

Where Y= Performance of SACCOs.

B_0 = Constant Term

$\beta_1 - \beta_3$= Beta coefficients

X_1= Risk Avoidance

X_2= Risk Reduction

X_3= Risk transfer

X_4 =Risk Retention

ε = Error Term

ε= The error term normally distributed about a mean of zero. For computation purposes its assumed to be zero.

3.10 Ethical Considerations

Ethical contemplations identify with some right measures that the researcher should ponder on at every phase of the study structure in all exploration strategies. After the university has endorsed the study, the researcher the researcher acquired authorization from the management of the SACCO's. Three standards of morality were used in this exploration to be specific benefit, respect for the human dignity and justice (Polit, 2011). For the three standards, feelings affecting members was seen while testing addresses that might mentally hurt members as well as shielding members from unfriendly circumstances. Equally, members were educated that the data they gave would not be used at all to hurt them or abused for business and individual egotism, but only for scholastic purposes. Similarly, reasonable treatment and safety was practiced to be completely honest.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

In this more comprehensive examination of the study data that got the clarification as well as debate of the results obtained from the research are provided. It first describes the rate of response, presents profile of all respondents and also the study findings within the variables in this study. The results are presented in tables and are discussed within the chapter in accordance to the actual objectives of the done research.

4.2 Response Rate

This part shows some of the response rate within the study respondents who participated in the research.

Table 4.1: Response Rate

Gender	Frequency	Percentage
Expected response	63	100
Received	52	83
Not received	11	18

A sum of 63 questionnaires were appropriated to the respondents in their work environments out of which 52 (83%) were returned for data analysis. A response of half is adequate for study and detailing, as specified by Mugenda and Mugenda (2003), a pace of 60% is great and a pace of 70% or more is much better. The reply rate was superb based on this declaration. The quantity of the surveys that were not returned was credited to the respondents who didn't wish to give their response or were incompletely filled in questionnaires.

4.3 Demographic Findings

The researcher had observed the respondents' profile in accordance to gender, uppermost level of education qualification and the sum of years aided with the prequalified contractor.

4.3.1 Gender of Respondents

The researcher sought to establish gender of the study participants from the Saccos within Nakuru, Kenya. The distribution is indicated in Table 4.2.

Table 4.2: Gender of the Study Participants

Gender	Frequency	Percentage
Male	32	62
Female	20	38
Total	52	100

The study findings as appeared in Table 4.2 uncovered 62% of tested plaintiffs were of the male gender the female gender was represented by 38%. The results inferred that despite the fact that bigger share of representatives at work in the Saccos in Nakuru, Kenya were male, the organization were attentive to 66% gender rule indicated in the Kenyan Constitution.

4.3.2 Age of the respondents

The researcher made an attempt to determine respondent`s age who participated in the study. The results are shown in Table 4.3

Table 4.3: Distribution of respondent's age

Age Bracket	Frequency	Percentage (%)
18 to 25 years	5	10
26 to 35 years	7	13
36 to 45 years	21	40
Above 46 years	19	37
Total	52	100

The research discoveries as shown in Table 4.3 uncovered that, 10% of the participators had under 25 years, 13% were in the age section of 26-35 years, 40% were between 36-45 years, and 37% were over 37 years. This infers greater part of respondents were in their youthhood stage thus very productive to the organization.

4.3.3 Respondents Level of Education Qualification

The level of the respondent education level is shown in descending order as indicated in Table 4.4

Table 4.4: Distribution of Respondents by Education Level

Education Level	Frequency	Percent
Certificate	5	10
Diploma	9	17
Degree	23	44
Master's Degree	10	19
Doctorate	5	10
Total	**52**	**100**

Table 4.4 results indicate that 73% of staffs of Saccos in Nakuru County had at least university degree. It was also found out that 10% and 17% others had certificate as well as diploma certificates respectively. According to Muchelule (2018), the education level of organization managers contributes towards understanding the different facets of performance of SACCO's. The findings illustrated that the aforementioned staffs were satisfactorily polished to enable them grasp relevant insights in this study.

4.3.4 Respondents Duration of service in the Saccos

The researcher asked the respondents to indicate the duration they had worked in the Saccos. Table 4.5 illustrates the arrangement of participants in accordance to years they have served with Saccos.

Table 4.5: Number of Years Served in the Saccos

Years Served	Frequency	Percent
Less than 1 years	11	21
1 – 5 years	12	24
5 - 10 years	12	24
10-15 years	6	12
Over 15 years	11	19
Total	**52**	**100.0**

As appeared in Table 4.5, a big number 48% of the participants had operated with the Saccos for a time of somewhere in the range of 1 and 10 years. The discoveries likewise exhibit a significant 21% of the respondents had been working with Saccos for a time of not over one year. The research discoveries indicated, 12% of participants had worked for 10-15 years and 19% had worked for more than 15 years. These discoveries demonstrated that the respondents had been in the Saccos long enough, and this gave reactions dependent on a more extensive information base.

4.4 Descriptive Analysis

The research wanted to examine the strategies for risk management as well as performance of Sacco's in Nakuru, Kenya. The study variables were, risk avoidance, risk reduction, risk transfer and risk retention.

4.4.1 Extent to which risk avoidance affect performance of SACCO's in Nakuru County

Table 4.6: Descriptive Statistics on extent to which risk avoidance affect performance of SACCO's

	Frequency	Percentage
Very Large extent	15	29
Large extent	19	37
Moderate extent	9	16
Small extent	4	8
Not at all	5	10
Total	**52**	**100**

According to results on table 4.6, 29% of the research respondents showed that, risk avoidance affect SACCO performance within Nakuru to a very large scope, 37%

indicated that it affect to a large extent, 16% indicated to a moderate extent, 8% indicated to a small extent and 10% indicated that, it has no effect on at all on performance of saccos.

4.4.2 Eeffect of risk avoidance on performance of SACCO's in Nakuru County, Kenya

This segment is in line to the first research goals which wanted to define the consequence of risk avoidance on performance of SACCO's in Nakuru, Kenya. Table 4.7 represents the details of the statistical results.

Table 4.7: Descriptive Statistics on Risk Avoidance

Risk avoidance	N	Minimum	Maximum	Mean	Std. Deviation
The Sacco's Management frequently reviews its operations in order to avoid risks thus enabling performance of the SACCO.	52	1	5	3.7619	1.00752
Organization risk management is accompanied by detailed plans concerning risks thus enhanced performance.	52	2	5	3.5952	.88509
There are safety systems put in place by the SACCO to enhance performance.	52	1	5	3.7619	1.12205
The Sacco has invested in training its employees to avoid operating under risky circumstances.	52	2	5	4.1667	.76243
The Sacco provide training to its customers in order to avoid external risks.	42	1	5	3.6667	1.07446
Valid N (listwise)	52				

From Table 4.7, the results of this research established that Sacco's Management frequently reviews its operations in order to avoid risks thus enabling performance of the SACCO with an average of 3.7619 withinstandard deviation of1.00752. these results agree with that of Mengich & Njiru (2015) who examined the consequences of risk management performs upon financial growth within Nakuru County SACCOs whose research revealed that, risk examination had important results on financial growth while risk purpose profile had an optimistic but not considerable results on financial growth. The findings also established that organization risk management is accompanied by detailed plans concerning risks thus enhanced performance, with an average of3.5952 within a standard deviation of 0.88509. It was also established that there are safety systems put in place by the SACCO to enhance performance with a mean of 3.7619 within a standard deviation of 1.12205.

The results agreed with that of Onkoba (2010) which revealed that, credit risk analysis and risk avoidant results in improved bank performance. The respondents further concurred that, the Saccos has invested in training its employees to avoid operating under risky circumstances with a mean of 4.1667 within a standard deviation of 0.76243. Further the respondents concurred with a mean of 3.6667 within standard deviation of 1.07446) that the Sacco provide training to its customers in order to avoid external risks. This study findings agrees with that of (Ewelina G. (2011) which established that, most of the organizations considers reviewing their goals with an aim of avoiding the risks.

The research of a possible risk prevention approach showed that the majority of participants were of the view that if a risk has unwanted adverse effects, the Saccos should prevent those implications entirely by merely moving away from the operations or the policies concerned or designing out the causes of the risk the Saccos can successfully avoid their occurrences of the undesired events. The other approach by majority of the respondents was developing policies and processes to help the Saccos in predicting and avoiding high-risk scenarios can be accomplished by avoiding activities involving high unwanted risks. Most research respondents also proposed designing fresh products.

4.4.3 Extent to which risk reduction affect performance of SACCO's in Nakuru County

Table 4.8: Descriptive Statistics on extent to which risk reduction affect performance of SACCO's in Nakuru County

	Frequency	Percentage
Very Large extent	17	33
Large extent	18	34
Moderate extent	12	23
Small extent	3	6
Not at all	2	4
Total	**52**	**100**

As per the investigation discoveries on table 4.8, 33% of the study respondents were of the idea that risk reduction influences effectives performance of SACCO's in Nakuru County to an extremely enormous degree, 34% showed that it influence to a huge degree, 23% demonstrated to a moderate degree, 6% to a little degree and 4% were of the sentiment that, risk avoidance has no effect at all on performance of Saccos.

4.4.4 Effect of risk reduction on performance of SACCO's in Nakuru County, Kenya.

This segment is in line with second research goal which wanted to determine the consequence of risk reduction on SACCO's performance. The statistical results are shown in table 4.9

Table 4.9: Descriptive Statistics on Risk Reduction

Risk reduction	N	Minimum	Maximum	Mean	Std. Deviation
The Sacco conducts regular inspections to enable it reduce occurrence of risks.	52	1	5	3.6429	1.03173
The loans given by our SACCO must be fully secured in order to enable the SACCO to reduce occurrence of risks.	52	2	5	4.0000	.82639
The SACCO regulates loan limits considering customers repayment capability	52	1	5	3.9762	1.02382
The SACCO frequently changes risk reduction procedures in order to help reduce risk.	52	2	5	4.3095	.71527
Valid N (listwise)	52				

From the discoveries as in Table 4.9, it was recognized that, the Saccos in Nakuru County conducts ordinary assessments to empower it diminish event of risks with an average of 3.6429 within a standard deviation 1.03173. Essentially, Mbaabu (2014) directed an investigation to evaluate determinants of non-performance loans in banks and the research also established that, poor business administration; endorsement delays; venture under financing; and loaning not created under security, and absence of review among others, influenced wealth growth. It was additionally settled that the advances given by our SACCOs must be completely verified so as to empower the SACCOs to decrease event of risks by an average of 4.0 within a standard deviation of 0.826. as per an investigation by Rintaugu (2015) set out to distinguish and assess factors influencing non-recuperation of obligation owed to National Housing Cooperation embracing quantitative study procedures presumed that poor loaning rehearses; income matters affecting account holders; absence of development and unharmonized obligation recuperation rules affected the growth of

riches. The analysis distinguished budgetary stewardship, capital structure and assets allotment methodology as the fundamental determinants of development.

It was additionally settled that the SACCOs controls credit limits considering clients reimbursement capacity with an average of 3.9762 within a standard deviation 1.02382. A study by Wambugu (2010) using a credit card risk administration rehearses in SACCOs in Kenya, which built up that, the advance portfolio the board, risk ID, risk study and evaluation just as risk checking were instrumental in advance reimbursement. It was additionally settled that the SACCO as often as possible changes risk decreases strategies so as to help diminish risk by a mean of 4.3095 inside a 0.71527. (Michaela, 2011) in his investigation showed that, most Saccos have a continuous review over their targets to distinguish issues which can make risk the organization, and so as to lessen the degree of risks, the uncovered zones are changed.

The study findings on respondents ' view of possible ways of reducing risk revealed that the majority were of the opinion that, if the occurrence or severity cannot be reduced, then implementing controls would be an alternative. Saccos should use controls that either detect causes of unwanted occurrences before the effect occurring while using the product or identify root causes of unwanted mistakes that can then be avoided by the saccos. Majority also suggested that Saccos should use diversification strategy to enable them reduce risk occurrences. The saccos should also think through new technologies, market operations and the team capability to bound the high-risk risks to a controllable and acceptable level.

4.4.5 Extent to which risk transfer affect performance of SACCO's in Nakuru County

Table 4.10: Descriptive Statistics on extent to which risk transfer affect performance of SACCO's in Nakuru County

	Frequency	Percentage
Very Large extent	10	19
Large extent	24	46
Moderate extent	8	15
Small extent	6	12
Not at all	4	8
Total	**52**	**100**

The results on table 4.10 illustrates that, 19% of this research participants were of the opinion that, risk transfer affect performance within SACCO's in Nakuru to very large scope, 46% indicated to a large extent, 15% indicated that it affect to a moderate range, 12% indicated to a minimal range and finally 8% indicated to zero amount.

4.4.6Effect of risk transfer on performance of SACCO's in Nakuru County, Kenya

This segments in accordance to the third research goal which wanted to establish the consequence brought by risk transfer on performance of SACCO's within Nakuru, Kenya. The statistical results are shown in table 4.11

Table 4.11: Descriptive Statistics on Risk Transfer

	N	Minimum	Maximum	Mean	Std. Deviation
The Sacco finds risk transfer is very expensive leading to low performance.	52	2	5	4.0476	.85404
Risk transfer enables an organization to be more productive.	52	1	5	4.0476	1.01097
Risk transfer enhances timely calculation of operational risks.	52	2	5	3.9048	.93207
Risk transfer leads to higher costs and additional work risk premium.	52	1	5	3.9048	1.10010
Valid N (listwise)	52				

Table 4.11 established that, the Saccos finds risk transfer to be very expensive leading to low performance with an average of 4.0476 within a standard deviation of1.068. It was established that risk transfer enables an organization to be more productive with a mean of 4.0476 within a standard deviation 1.01097. Risk transfer enhances timely calculation of operational risks had a mean of 3.9048 within a standard deviation 0.93207. According to Kinuthia (2007) when credit risks occur, they lead to loan default problems in SACCOs thereby leading to poor loan performance and consequently poor growth. In the other hand, when credit risks are effectively management, the SACCOs can experience improved loan performance and consequently, improved growth. Credit risk management enhances management of liquidity problems in SACCOs hence enhancing their financial performance and hence growth. According to Mbaabu (2014), credit risk management is the main strategy of managing loan non-performers in commercial banks. It can enhance greatly performance of loans which translates into organizational growth. It was established that, Risk transfer leads to higher costs and additional work risk premium with an average of 3.9048 within a standard deviation1.10010. the study findings in this case agreed with that of (Michaela 2014) whose findings established that, most

Saccos considers transferring risks through ensuring to avoid the actual occurrence. This can be done by ensuring with other insurance companies.

The study findings on when risk should be transferred established that, majority were of the opinion that, the Saccos should not wait until its latte to transfer the risk. Respondents suggested ensuring with the insurance companies, other respondents suggested critical analysis of possible risks to occur. These Saccos should be in position to giving up some control then when anything goes astray the Saccos won't be accountable.

4.4.7 Extent to which risk retention affect performance of SACCO's

Table 4.12: Descriptive Statistics on extent to which risk retention affect performance of SACCO's in Nakuru County

	Frequency	Percentage
Very Large extent	30	58
Large extent	8	15
Moderate extent	4	8
Small extent	6	11
Not at all	4	8
Total	**52**	**100**

The discoveries in table 4.12 on the degree to which risk retention influence performance of Saccos demonstrated that, larger part 58% of the participants had the feeling that, risk retention affects performance of SACCO's in Nakuru County to an exceptionally enormous degree, 15% showed to a huge degree, 8% showed to a moderate degree, 11% to a little degree and 8% of the respondents showed that it influence execution of saccos to no degree.

4.4.8Effect of risk retention on performance of SACCO's in Nakuru County, Kenya.

This segment is in accordance to the second research goal which wanted to establish the consequence of risk retention on performance of SACCO's in Nakuru, Kenya. Table 4.13 indicates detailed statistical results.

Table 4.13: Descriptive Statistics on Risk Retention

Risk reduction	N	Minimum	Maximum	Mean	Std. Deviation
The SACCO has internal staff who are well qualified to identify the type of risk to retain and when to retain.	52	1	5	3.5952	1.10563
The SACCO conduct risk retention by equally distributing the risk to its members.	52	2	5	3.9286	.86653
There is a risk evaluation committee in the SACCO to enable the organization to realize its goals concerning the available risks.	52	2	5	3.8571	.92582
Retention is an option when other solution is uneconomical	52	2	5	4.0000	.91064
Valid N (listwise)	52				

From the discoveries as in Table 4.13, it was set up that, the SACCOs have interior staff who are very much able to recognize the kind of risk to hold and when to hold with an average of 3.5952 inside a standard deviation 1.10563. These discoveries were in concurrence with the discoveries of Ominde (2014) that certified inward staff prompted an expansion in Growth of SACCOs riches. The study suggested that SACCOs should survey or structure their arrangements on inside financing to guarantee that ideal interior financing was profited audit their by-laws and working strategies to guarantee that the ideal outer financing is supported.

It was built up that the SACCOs lead risk maintenance by similarly dispersing the risk to its individuals by an average of 3.9286 inside a standard deviation 0.86653. It was additionally settled that there is a risk assessment panel in the SACCO to empower the association understand its objectives concerning the accessible risks with an average of 3.8571 and standard deviation of 0.92582. It was likewise settled that maintenance is a choice when other arrangement is uneconomical with a mean of 4.0000 inside a standard deviation of 0.91064. the investigation discoveries concurred with that of (Mikaela, 2011), which set up that, most Saccos choose to hold the risk

on the off risk that they can't move it or dodge it. They showed that the best arrangement is to hold the risk when a risk cannot be moved or counteracted. For this situation, to limit the effect of its event, the risk must be controlled.

The findings from the research proves that, good number of the participants were of the opinion that, risk retention if well managed can enhance performance of Saccos, though majority were of the opinion that, risk retention can be risky to business operations and that the Saccos should not go for the strategy.

4.4.9 Improvement on general performance of SACCO's in Nakuru County

This segment contains dependent variable analysis (Performance of Saccos). It scrutinized the insights being held on Performance of Saccos in Nakuru. Table 4.14 shows an indication of descriptive statistics and results in details.

Table 4.14: Descriptive Statistics improvement on general performance of SACCO's in Nakuru County

	Frequency	Percentage
Very Large extent	26	50
Large extent	11	21
Moderate extent	7	13
Small extent	3	6
Not at all	5	10
Total	**52**	**100**

As per the discoveries on table 4.14, half of the respondents demonstrated that, they have been encountering enhancement for general performance of SACCO's to an extremely enormous degree over the most recent two months preceding the study, 21% showed that they had been encountering enhancement for execution to a huge degree, 13% demonstrated to a moderate degree, 6% showed to a little degree and 10% showed that it had no impact on enactment of Saccos within Nakuru County.

Table 4.15: Descriptive Statistics on Performance of Saccos

	N	Minimum	Maximum	Mean	Std. Deviation
Risk management strategies by the SACCO has led to high SACCO profitability	52	1	5	3.5952	1.10563
The SACCO risk management strategies enhance satisfaction of our customers.	52	1	5	3.6429	1.03173
The SACCO risk strategies has enabled members to take bigger loans.	52	2	5	4.0000	.82639
Good risk management strategy enhances loan performance.	52	1	5	3.9762	1.02382
Valid N (listwise)	52				

As laid out in Table 4.15, it was set up that risk executives' procedures by the SACCO has prompted high SACCO benefit with an average of 3.5952 within a standard deviation of 1.10563. The discoveries for this situation concurs with that of Gisemba (2010) which was led to decide the connection between risk administration rehearses on performance of Saccos which discovered that those SACCOs received different methodologies in broadcasting and examining risk before granting credit to customer to limit advance misfortune. This incorporates building up limit, conditions, utilization of insurance, borrower screening and utilization of risk investigation in endeavour to diminish and oversee credit risks.

It was likewise settled that the SACCO risk administration procedures improve fulfilment of the Saccos clients with an average of 3.6429 within a standard deviation 1.03173. It was likewise settled that the SACCO risk techniques have empowered individuals to take greater credits with an average of 4.0000 inside a standard deviation 0.82639. Wangui (2010) did an investigation using a credit card risk the executives procedures by SACCOS in Nairobi utilizing an overview examine structure. The discoveries uncovered that greater part of the SACCOs use credit risk the executives performances to alleviate risks as a reason to target credit risk study. The discoveries likewise show that the most mainstream strategies for advancing credit risk mindfulness among staff in SACCOs are through standard gatherings and observations on one premise. Furthermore, it was set up that great risk the executives

technique upgrades advance execution with a mean of 3.9762 inside a standard deviation of 1.02382. The discoveries for this situation concurred with that of Lagat (2013) which set up that, a large portion of these Saccos have held onto risk administration strategies as one way to deal with their portfolio and their proficiency has been improved. The board forms for this situation address risk recognition, evaluation, appraisal, following and relief.

The researcher investigated the level of performance of the Saccos over the last two years prior to the study, and from the findings, it was established that, many of the participants had the opinion that the performance of their Saccos has reduced with other indicating that they had closed some branches.

4.5 Inferential Statistics

The Pearson item minute relationship coefficient was utilized in getting a proportion of the quality of relationship amongst two factors (Independent and Dependent). The Pearson connection coefficient, r, can have an extent of qualities from +1 to - 1. An approximation of 0 proves that there exists no association between the autonomous and the reliant factors while a worth more prominent than 0 illustrates an affirmative affiliation implying that an expansion in the approximation of a single variable prompts the expansion in the other. A value under 0 demonstrate an undesirable affiliation implying that a lessening in the estimation of a single variable would prompt a decrease in the estimation of the other.

4.5.1 Correlation Analysis for risk avoidance and performance of SACCO's in Nakuru County, Kenya

This segment outlines the findings of correlation analysis between risk avoidance and performance of SACCO's in Nakuru County, Kenya, Table 4.16. The results were deduced and also deliberated accordingly.

Table 4. 16: Correlation Analysis for risk avoidance and performance of SACCO's in Nakuru County, Kenya

		Risk avoidance	Performance
Risk avoidance	Pearson Correlation	1	.655*
	Sig. (2-tailed)		.000
	N	52	52

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis results in table 4.16 revealed that there was an encouraging and a strong importance association between risk avoidance and SACCO's perform which was supported by (r=0.655, p=0.000). This implied that both risk avoidance and performance of SACCO's change in the same direction. A research was steered by Musyoki and Kilika (2017) whose findings showed that, there is a statistically important positive relationship between the risk avoidance and SACCO's perform.

4.5.2 Correlation Analysis for risk reduction and performance of SACCO's in Nakuru County

This section outlines the results of correlation analysis between risk reduction and how SACCO's perform in Nakuru County (Table 4.17). The findings were interpreted and discussed accordingly.

Table 4.17: Correlations between risk reduction and performance of SACCO's

		Risk reduction	Performance
Risk reduction	Pearson Correlation	1	.863*
	Sig. (2-tailed)		.000
	N	52	52

* Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis results in table 4.17 revealed that there was a positive and a strong significant relationship between Risk reduction and Performance of SACCO's in Nakuru County as supported by (r=0.863, p=0.000). This implied that both Risk reduction and Performance of SACCO's change in the same direction.

4.5.3 Correlation Analysis for risk transfer on performance of SACCO's in Nakuru County

This section outlines the results of correlation analysis between risk transfer on performance of SACCO's in Nakuru County (Table 4.18). The findings were interpreted and discussed accordingly.

Table 4.18: Correlations between Risk transfer and Performance of SACCO's

		Risk transfer	Performance
Risk transfer	Pearson Correlation	1	.391*
	Sig. (2-tailed)		.010
	N	52	52

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis results in table 4.13 revealed that there was a positive and a significant relationship between Risk transfer and Performance of SACCO's in Nakuru County, Kenya as supported by (r=0.391, p=0.010). This implied that both Risk transfer and Performance of SACCO's change in the same direction.

4.5.4 Correlation Analysis for risk retention and performance of SACCO's in Nakuru County

In addition, the research sought to determine the correlation which exist between risk retention and performance of SACCO's in Nakuru, Kenya. The results of the research are as shown in Table 4.19.

Table 4.19: Correlation between risk retention and performance of SACCO's

		Risk transfer	Performance
Risk retention	Pearson Correlation	1	.563*
	Sig. (2-tailed)		.000
	N	52	52

*. Correlation is significant at the 0.05 level (2-tailed).

The relationship between risk retention and how SACCO's perform was found to be positive, and statistically significant and was supported by ($r = 0.563$; $p < 0.05$). This shows that risk retention has a positive performance effect on SACCO's in Nakuru County.

4.6 Regression Analysis

Numerous linear regressions were performed on the goal of examining and determining the influence of supplier development practices on performance of SACCO's in Nakuru, Kenya. The classical results on table 4.20 illustrates that multiple correlation coefficient R of 0.935 that illustrated that the independent values (Risk avoidance, Risk reduction, Risk transfer andrisk retention) had a constructive

correlation with the dependent variable. The coefficient of determination (R Square) of 0.875 illustrates that the independent variable contained 87.5% of the variance within the dependent variable. These findings explained 87.5% while the 12.5% is clarified by other variables out-of the range of this research.

Table 4.20: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935[a]	.875	.865	.1826

a. Predictors: (Constant), Risk avoidance, Risk transfer, Risk reduction, Risk retention

b. Dependent Variable: Performance

In order to examine on whether the data was good fit for regression model, the ANOVA was undertaken and the data being good fit for data was tested at 5% level of significance. Since from the table 4.21 the observed p value was 0.000 which was less that 0.05 (5%), it therefore implied that the regression model was good fit for data. This implies that the probability of the regression model giving wrong prediction effect on the dependent variable is 0% which is less than the set level of significance of 5%. Therefore, the regression model was adopted.

Table 4.21:ANOVA[a]

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	8.841	3	2.947	89.303	.000[b]
	Residual	1.267	48	.033		
	Total	10.108	51			

a. Dependent Variable: Performance

b. Predictors: (Constant), Risk avoidance, Risk transfer, Risk reduction, Risk retention.

To examine the influence of the independent variables on the dependent variables, multiple regression analysis was as shown in table 4.22. The optimal model was;

$$Y= 0.068+0.289\ X_1 + 0.870\ X_2 +0.174\ X_3 + 0.284\ X_4$$

Where; Y represents performance of SACCO's in Nakuru County.

X_1 =Represents Risk avoidance, X2 =represents Risk reduction, X3 =represents Risk transfer, X4 =represents Risk retention

The regression coefficient of 0.289 for the risk avoidance implied that a unit increase in risk avoidance with the other variables left constant would lead to a 0.289 increase in performance of SACCO's. The regression coefficient of 0.870 for risk reduction implied that a unit increase in risk reduction would lead to a 0.870 increase in performance of SACCO's with the other independent variables kept constant. The regression coefficient of 0.174 for the risk transfer implied that a unit increase in risk transfer with the other variables left constant would lead to a 0.174 increase in performance of SACCO's with the other independent variables kept constant. The regression coefficient of 0.284 for the risk transfer implied that a unit increase in risk transfer with the other variables left constant would lead to a 0.284 increase in performance of SACCO's.

Table 4.22: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	.068	.324		.209	.835
Risk avoidance	.289	.046	.419	6.282	.000
Risk reduction	.870	.076	.759	11.447	.000
Risk transfer	.174	.086	.139	2.023	.039
Risk retention	.284	.045	.742	6.311	.034

a. Dependent Variable: Performance

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section shoes the summery, conclusions recommendations and suggestions made to further researchers on other areas of study in relation to the study topic.

5.2 Summary

This section shows the summary of how risk avoidance affected the performance of Saccos in Nakuru County.

5.2.1 Risk avoidance and performance of Saccos

As indicated by the investigation discoveries, it was uncovered that there exists a positive relationship between risk avoidance and Sacco performance at (r=0.655, p=0.000). for this situation, an expansion in risk avoidance methodologies will prompt superior of the Saccos. The study discoveries set up that, risk avoidance influence the exhibition of SACCO's in Nakuru County, Kenya to a huge degree. The scientist tried to build up the effect of how to avoid risk on performance of SACCO's and as indicated by the discoveries, it was built up that, the vast majority of the Sacco's in Nakuru County much of the time audits their tasks so as to dodge risks with a point of upgrading their performance. The discoveries additionally demonstrated that, the risk the executives by the Saccos in Nakuru is joined by point by point plans concerning risks along these lines upgraded execution. The investigation additionally settled that, there are wellbeing frameworks set up by the SACCOs to upgrade execution. The study likewise uncovered that, a large portion of the majority of the Saccos has put resources into preparing its representatives to abstain from working under risks conditions.

5.2.2 Risk reduction and performance of Saccos

The discoveries demonstrated that, as affirmed by (r=0.863, p=0.000), there is an optimistic and solid huge connection between risk reduction and SACCO's performance This implied SACCO's change in both risk reduction and execution a similar way. This area is in accordance with the second study target which looked to build up the effect of menace reduction on Sacco's performance and as indicated by the investigation discoveries, risk decrease has influenced performance of Saccos in

Nakuru County all things considered. The investigation likewise demonstrated that, the majority of the Saccos in Nakuru County conducts standard assessments to empower them diminish event of risks and along these lines to upgrade their performance. The credits by the Saccos are completely verified to upgrade most extreme security by the saccos. Study are likewise done by the saccos to guarantee that lone the individuals who are fit for paying the advances in time are given the risks.

5.2.3 Risk transfer and performance of Saccos

This implied both the risk transfer and the adjustment in SACCO's presentation were a similar way. The consequences of the connection study uncovered that, there was a positive and noteworthy connection between risk exchange and performance of SACCO's ($r=0.391$, $p=0.010$). This implied SACCO's change with both risk transfer and execution a similar way. This area is in accordance with the third investigation target which tried to set up the impact of risk transfer on performance of SACCO's in Nakuru County, Kenya. As per the discoveries for this situation, it was uncovered that, the vast majority of the Saccos favors risk transfer which is finished by reinsuring their exercises with the insurance agencies to empower them maintain a strategic distance from risks, thought it costly to guarantee the risks, the Saccos think that its indispensable as it keeps them in activity if there should be an occurrence of any unexpected risk. It was set up that, risk transfer empowers an association to be progressively gainful as indicated by the study discoveries. The investigation discoveries likewise uncovered that, risk transfer prompts greater expenses and extra work risk premium.

5.2.4 Risk retention and performance of Saccos

The correlation between SACCO's risk management and quality was found to be positive and statistically significant and confirmed by ($r = 0.563$; $p < 0.05$). This means that risk retention in Nakuru County has a positive effect on SACCO's results. According to the findings it was revealed that, most of the SACCOs has internal staff who are well qualified to identify the type of risk to retain and when to retain such risks. The study also revealed that, the SACCO conduct risk retention by equally distributing the risk to its members. Most of the saccos have risk evaluation committee in the to enable them to realize their goals concerning the available risks.

The study revealed that, risk management strategies by the SACCOs has led to high SACCOs profitability.

5.3 Conclusions

According to the study findings, the following conclusions were made.

It was concluded that, risk avoidance has a high correlation on Saccos performance. In this case, surgeon a unit in risk avoidance will advance to an increase in Sacco performance. It was also concluded that, risk management by the Saccos in Nakuru is accompanied by detailed plans concerning risks and thus enhances Saccos performance.

It was also resolved that, risk reduction has a highly affect Saccos performance in Nakuru County to a great extent and that, most of the Saccos in Nakuru County conducts regular inspections to enable them reduce occurrence of risks in their saccos. The researcher concluded that, risk reduction has a positive correlation with performance of Saccos in Nakuru town, in this case, an increase in risk reduction strategies, will lead to an increase in organization performance.

There is a positive correlation between risk transfer and Saccos performance in Nakuru according to the findings of the study. According to the findings in this case, it was concluded that, most of the Saccos prefers risk transfer which is done by reinsuring their operations with the insurance companies to enable them avoid risks, this has been very expensive to most of the Saccos but effective on performance.

Lastly, it was concluded that, risk retention has a constructive correlation on Saccos performance within Nakuru town. It was concluded that, a positive increase in risk retention strategies will lead to high performance by the Saccos. The SACCO also conduct risk retention by equally distributing the risk to its members. There are risk evaluation committee in most of the saccos which enables the Saccos to realize their goals concerning the available risks. The researcher further concluded that, risk management strategies by the SACCOs has led to high SACCOs profitability.

5.4 Recommendations

The research endorses that risk function outlining should be maintained, and Sacco's should emphasize risk management and risk control measures. Saccos performance

would probably enhance by observing and applying risk control and management methods.

The research suggested upholding, enhancing and prioritizing risk assessment throughout the risk management phase. In addition, strategies for risk management should be improved to facilitate risk analysis. Factors like risk predictions shouldn't be disregarded and further improved.

Using this research's results, the researcher recommends that Saccos management should guarantee continuing risk assessment and assessment. The saccos should use external risk assessment, risk regions or risk interpretation not previously seen or concentrated on by the Sacco.

Saccos management should use efficient risk management processes to guarantee adequate standardization, tracking and risk assessment in the Saccos activities. Monthly reports should be produced, assessed and interpreted to provide a clear image of the Sacco's status.

5.5 Suggestions for further research

Based on the findings of this study, the following recommendations: The researcher of this research proposes further studies should be conducted to explore the impacts of risk management policies on performance of other Saccos in in other Counties. The study findings, research will give more understanding into the connection between these factors, which in Kenyan SACCOs could be helpful in apprising risk management policies. This study only concentrated SACCOS within Nakuru county, thus the findings could not be generalized to other SACCOs in other counties. The researcher therefore suggested that, further studies to be carried out in other counties for the generalization of the findings in this study. The researcher father suggested that, the further studies should cover other financial organizations such as banks and microfinance organizations.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

Paul Michael Ondu,
MBA Student School of Business,
Kenyatta University,
Nakuru, Kenya.

Dear sir/madam,

RE: REQUEST FOR RESEARCH DATA

Am a post graduate student at Kenyatta University Nakuru undertaking a Masters degree in Business Administration (strategic management option) and currently carrying out a research on *Risk management strategies and performance of Saccos in Nakuru County, Kenya*. Your SACCO has been selected to form part of this study. Am kindly requesting for your assistance in to providing information relating to the topic under study in the questionnaires. The information and data provided will be only used for the purpose of this study and treated with utmost confidentiality.

Thanking you in advance.

Yours faithfully,

Paul Michael Ondu

APPENDIX II: RESEARCH QUESTIONNAIRE

Instructions:

Please encircle or tick ☑ the blank spaces by providing appropriate answer.

SECTION A: RESPONDENTS DEMOGRAPHIC INFORMATION

1. Gender:

a) Male [ ]

b) Female [ ]

2. Age in years.

a) 18- 25 years [ ]

b) 26-35 years [ ]

c) 36-45 years [ ]

d) Above 46 years [ ]

3. Educational level.

a) Certificate [ ]
b) Diploma [ ]
c) Degree [ ]
d) Master's Degree [ ]

Doctorate Others (Specify)……

4. For how long have you been working in this SACCO?

a) Less than 1 years
b) 1– 5 years
c) 10 years
d) 10-15 years
e) Over 15 years

SECTION B:

RISK AVOIDANCE AND PERFORMANCE OF SACCOs

5. Indicate the extent to which risk avoidance affect performance of your SACCO

a) Very Large extent [ ]

b) Large extent [ ]

c) Moderate extent [ ]

d) Small extent [ ]

e) Not at all [ ]

6. Select by ticking against your level of agreement on the following statements on risk avoidance and performance of SACCOS. KEY: 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4 Agree, 5 Strongly Agree.

		1	2	3	4	5
		SD	D	N	A	SA
	The Sacco's Management frequently reviews its operations in order to avoid risks thus enabling performance of the SACCO.					
	Organization risk management is accompanied by detailed plans concerning risks thus enhanced					
	There are safety systems put in place by the SACCO to enhance performance.					
	The Sacco has invested in training its employees to avoid operating under risky circumstances.					
	The Sacco provide training to its customers in order to avoid external risks.					

7. In your own words, indicate the possible avoidance strategies that you think the SACCO should use in order to enhance its performance.

RISK REDUCTION AND PERFORMANCE OF SACCOS

8. Indicate the extent to which risk reduction affect performance of your SACCO

a) Very Large extent [ ]

b) Large extent [ ]

c) Moderate extent [ ]

d) Small extent [ ]

e) Not at all [ ]

9. Select by ticking against your level of agreement on the following statements on risk reduction and performance of SACCOs. KEY: 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4 Agree, 5 Strongly Agree.

		1	2	3	4	5
		SD	D	N	A	SA
	The Sacco conducts regular inspections to enable it reduce occurrence of risks.					
	The loans given by our SACCO must be fully secured in order to enable the SACCO to reduce occurrence of risks.					
	The SACCO regulates loan limits considering customers repayment capability					
	The SACCO frequently changes risk reduction procedures in order to help reduce risk.					

10. In your opinion, how would you advise any other SACCO to apply risk reduction strategy? Give reason to your answer.

RISK TRANSFER AND PERFORMANCE OF SACCOS

11. Indicate the extent to which risk transfer affect performance of your SACCO

a) Very Large extent [ ]

b) Large extent [ ]

c) Moderate extent [ ]

d) Small extent [ ]

e) Not at all [ ]

12. Select by ticking against your level of agreement on the following statements on risk transfer and performance of SACCOs. KEY: 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4 Agree, 5 Strongly Agree.

		1	2	3	4	5
		SD	D	N	A	SA
	The Sacco Finds risk transfer is very expensive leading to low performance.					
	Risk transfer enables an organization to be more productive.					
	Risk transfer enhances timely calculation of operational risks.					
	Risk transfer leads to higher costs and additional work risk premium.					

13. In your opinion, indicate when you think risk should be transferred by the SACCO.

RISK RETENTION AND PERFORMANCE OF SACCOS

14. Indicate the extent to which risk retention affect performance of your SACCO

a) Very Large extent [ ]

b) Large extent [ ]

c) Moderate extent [ ]

d) Small extent [ ]

e) Not at all [ ]

15. Select by ticking against your level of agreement on the following statements on risk retention and performance of SACCOs. KEY: 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4 Agree, 5 Strongly Agree.

		1	2	3	4	5
		SD	D	N	A	SA
	The SACCO has internal staff who are well qualified to identify the type of risk to retain and when to retain.					
	The SACCO conduct risk retention by equally distributing the risk to its members.					
	There is a risk evaluation committee in the SACCO to enable the organization realize its goals concerning the available risks.					
	Retention is an option when other solution is uneconomical					

16. Kindly give your opinion on how risk retention affect the performance of the SACCO.

PERFORMANCE OF SACCOS

17. To what extent has the general performance of your SACCO improved in the last two years?

a) Very Large extent [ ]

b) Large extent [ ]

c) Moderate extent [ ]

d) Small extent [ ]

e) Not at all [ ]

18. Select by ticking against your level of agreement on the following statements to performance of SACCOs. KEY: 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4 Agree, 5 Strongly Agree.

		1	2	3	4	5
		SD	D	N	A	SA
	Risk management strategies by the SACCO has led to high SACCO profitability					
	The SACCO risk management strategies enhances satisfaction of our customers.					
	The SACCO risk strategies has enabled members to take bigger loans.					
	Good risk management strategy enhances loan performance.					

19. Kindly give your opinion on how you think the performance of your organization has changed over the last two years.

THANK YOU FOR YOUR TIME

APPENDIX IV: WORK SCHEDULE

Date	Activity
December 2018	Identification of the study topic
January 2019	Identification of the study problem and objectives that fit the study.
February 2019	Submission and corrections of chapter one.
March 2019	Corrections of the Submission of the literature review and methodology.
April 2019	Submission and presentation of the study proposal.
May 2019	Conducting the actual study, analysis of the data, interpretation and presentations of the findings.
June 2019	Presentation of the final project.

APPENDIX V: BUDGET

Particulars	
Typesetting and printing and photocopying of the document.	15000
Cyber/internet services	12000
Transport	10,000
Data gathering from the respondents.	8000
Lunch and refreshments	16,000
Other different costs (stationery, pen and pencils and note books.	12000
Miscellaneous	14000
Total	**87,000**

APPENDIX VI: TARGET POPULATION

LIST OF SACCOS IN NAKURU TOWN

NO.	NAMES OF SACCOS	NO.	NAMES OF SACCOS
1.	Gajonas sacco	28.	Njorogree inland sacco
2.	Egerton cosmopolitan HCS	29.	Siapei sacco
3	NJOROLINE Operators sacco	30.	Shabal matatu operators
4	Bliss flora sacco	31.	Mbolea sacco
5	Gilgil hills sacco	32	Smarty sacco
6	CCI sacco	33.	CPK watumishi sacco
7	All homes shabab housing	34.	Mango rural sacco
8	Riva sacco	35.	Sahihi sacco
9	Nishike mkono housing	36.	Scode sacco
10	Nakuru teachers housing	37.	Flava sacco
11	Ngundagi housing	38.	Kuinuana housing
12	St. lwanga sacco	39.	Njoro sub county-women
13	Comply sacco	40	Nakuru strong bond sacco
14	Romesi sacco	41.	Visima Africa housing
15	Kataruna apondi-akads housing	42.	Genesis riders
16	Purified sacco	43.	2NK sacco
17	Green valley housing	44.	Pcea nakuwet
18	Njoro H. School workers	45.	Elemenataita FCS
19	Pharmaco Investment Co-op	46	Kamara rural sacco
20	Robert jirani mwema sacco	47.	United Imani sacco
21	Mau Narok Farmers rural	48.	PCEA Nakuru west uzima
22	Palmac sacco	49.	Tupendane housing
23	Shield sacco	50.	Reality sacco
24	Bitti sacco	51	Sunrise sacco
25	Jomenn housing	52	Winam housing co-op society
26	Fawa sacco	53	Bahama sita trv
27	Njoke sub shelter sacco	54	Kabarak university sacco
		55	Sports club sacco

SOURCE: SASRA (2020)