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ABSTRACT

This research investigated the effect of risk management strategies on organizational success of DT-SACCOs in Kiambu County. Research design for the study was explanatory and descriptive. The unit of observation was all 14 DT-SACCOs in Kiambu County while the unit of analysis consisted of all 126 heads of department. A census study was used. The risk avoidance (β=0.0311, p=0.002), risk reduction strategy (β=0.0405, p=0.003), risk transfer strategy (β=0.0297, p=0.002) and risk retention strategy (β=0.0506, p=0.004) were found to have a positive significant impact on the success of DT-SACCOs in the County of Kiambu, Kenya. The study concluded that a risk avoidance strategy streamlines processes and implements best practices leading to improved operational efficiency, reducing costs and enhancing service delivery to members. A strong risk reduction strategy demonstrates a commitment to safeguarding members' investments which strengthen trust and loyalty among members, resulting in higher retention rates and attracting new members. Risk transfer strategy enable DT-SACCOs to maintain a more stable financial position which is crucial for building trust among members and attracting new clients, ultimately leading to increased deposits and lending activities and retaining risk enable the DT-SACCOs to develop a deeper understanding of their risk profiles, allowing for more informed decision-making and better management of financial resources. The study recommended that it was necessary to conduct comprehensive risk assessments to identify potential vulnerabilities within the DT-SACCOs. The DT-SACCOs should adopt advanced technology solutions that can significantly improve risk management through the use of data analytics and risk management software to monitor financial health, assess creditworthiness, and detect fraudulent activities in real-time. DT-SACCOs can enhance their risk transfer strategies by diversifying their investment portfolios and collaborating with insurance companies can provide DT-SACCOs with tailored insurance products that cover specific risks and the DT-SACCOs should focus on educating members about financial management and risk awareness can enhance their understanding of cooperative's operations.

Key Words: *Risk Avoidance, Risk Reduction, Risk Transfer, Risk Retention*

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INTRODUCTION

Organizational performance has brought major concern for all bodies; civic organizations, public as well as private organizations. However, to achieve organizational performance, management must determine their performance using recommended frameworks that relate to the current conditions and competitive environment (Girangwa et al., 2020). Scholarly studies have demonstrated that performance does not depend on one aspect but on multiple factors. Girangwa et al. (2020) note that risk management strategies have been considered as crucial in the determination of organizational performance as it brings value to organizations, maximizes shareholder wealth and supports the realization of organizational objectives (Sofia & Augustine, 2019). Risk management reduces financial loss (Akinleye & Olaoye, 2021), lowers the costs associated with operations (Moradi & Mokhatab, 2019), determines organizational success (Nwude & Okeke, 2018) and has a strong relationship with organizational performance (Saeidi et al., 2019).

Deposit Taking Cooperative Societies (DTS) play crucial roles in social performance evidenced in sustenance of communities through wealth building, job creation and assets growth. The benefits of cooperative societies have also been witnessed in the promotion of financial inclusion, access to affordable financial services and contribution to economic growth (Kinyuira, 2019). Despite the significant contribution to the financial well-being of their members, Deposit Taking Saccos experience challenges that have impacted their organizational performance; weak governance structures, inadequate management strategies, insufficient regulatory frameworks, financial strategies, limited capacity building and limited technological advancements (Gatimu et al., 2020).

Organizational performance is the determination whether activities are actually helping the organization to realize its objectives evidenced in failures or success (Lee, Azmi, Hanayasha, Alzoubi, & Alshurideh, 2022). Organizational performance involves the analysis of various indicators to evaluate the profitability, liquidity, solvency, and efficiency of the Saccos (Odhiambo, 2019).

Risk management involves identifying, measuring, and controlling potential risks to ensure stability and protection of members' savings (Hull et al., 2019). Risk management is the discipline of quantifying the uncertainties and potential losses associated with specific events or decisions, and then taking appropriate actions to mitigate or exploit them (Dumitru et al., 2023). The definition of risk management has been made by Ondiek and Muathe (2017) as the identification of risk, measurement of the likelihood of occurrence and the impact, developing treatment mechanisms and reducing or eliminating risk using limited resources. Risk management also consists of all procedures deposit taking Saccos may use to protect the organization against any loss from risk factors (Karoney, 2022).

Cooperative Societies aim to promote savings and provide affordable credit to their members (Musyoka, 2021). The benefit of the sector is evidenced in their widespread distribution in rural and urban areas, stimulating growth of the business while supporting the country's economic growth through savings mobilization and loan provisions. This has resulted to its recognition internationally (Kageni, 2021).

The organization of the cooperative sector in Kenya is divided into primary cooperatives, secondary, tertiary and apex cooperatives. The deposit taking cooperative societies are categorized as financial cooperative societies as they operate with front office service activities resembling the commercial banking institutions despite being member owned. These cooperatives have the sole purpose of providing financial intermediation on behalf of their members (The Sacco Society Regulatory Authority (SASRA), 2022). The sector has been recognized by the government in its contribution to poverty eradication through its promotion and facilitation of investments in housing, energy, agriculture, education and health (Nyaga &

Wamugo, 2023).

Despite their significant contributions, SACCOs in Kiambu County face several challenges such as inadequate capitalization, limited access to affordable credit lines from commercial banks also hampers their growth potential. Additionally, some SACCOs struggle with governance issues, including weak internal controls and lack of transparency (Mutiso, 2019). Kiambu County Saccos are also experiencing credit risk which has remained high due to non-performing loans rising from 5.2% (2016) to 9.1% (2020) (Kageni, 2021).

Statement of the Problem

Formal banking institutions, which frequently provide more alluring interest rates and a broader range of financial services, pose a serious threat to SACCOS in Kiambu County, Kenya. As a result, SACCOS' appeal has decreased, which has resulted in a drop in membership and, ultimately, a reduction in the amount of capital available for lending (Kiswili, 2023). Many SACCOS have reported low profitability margins, with many earning returns on assets of less than 5%, according to the CBK analysis from 2024. Additionally, loan default rates have also increased, with non-performing loans for several SACCOS surpassing 20%. Concerns regarding the financial health of SACCOS are further raised by the fact that many of them have capital adequacy ratios that fall short of the 10% statutory minimum. These figures demonstrate the substantial obstacles SACCOS have in maintaining their financial stability and the pressing necessity for tactical actions to boost their effectiveness (CBK, 2024).

Even though there has been a rising trend between 2019 and 2022, DT Saccos have not yet achieved stability in their performance which is derailing competitiveness of the DT Saccos, reducing Sacco liquidity and member satisfaction (SASRA, 2022). Kiambu County has experienced rise in member withdrawal due to dissatisfaction as the Saccos have not been able to meet member expectations evidenced in delayed loan processing and reduction in dividend payout (Njenga & Jagongo, 2019). The success of the DT-SACCOs has however not been explored in connection with risk management for effective and efficient strategies. Dimitru et al. (2023) analysised risk management but did not consider the dependent variable-organizational performance. Karoney (2022) did a similar study to this but the study was on commercial banks. Kamunya (2021) study targeted risk avoidance but with a different dependent variable-competitiveness as well as having small and medium business as the target population. Ondu (2020) targeted the deposit taking cooperatives but the study was done in Nakuru County. Nabukeki and Omwenga (2022) analysis on risk management strategies adopted a case study method that targeted Jomo Kenyatta International Airport while Ocholla et al. (2022) employed correlational research in the investigation of risk avoidance strategies and performance while Nwosi and Imegi (2021) adopted ex-post research design to analyze risk management strategies on loan performance where historical data was considered. The current study intended to investigate strategies of risk management in relation to performance in Organizations such as Deposit Taking Saccos in the County of Kiambu, Kenya.

Objective of the Study

The primary goal of this research was to explore how risk management strategies influence the performance of DT-SACCOs in Kiambu County, Kenya. The study was guided by the following specific objectives;

- To examine the effect of risk avoidance strategies on success of DT-SACCOs in the County of Kiambu, Kenya.
- To ascertain the effect of risk reduction strategies on the success of DT-SACCOs in the County of Kiambu, Kenya.
- To investigate the effect of risk transfer strategies on the success of DT-SACCOs in the County of Kiambu, Kenya.
- To assess how risk retention strategies affect the effectiveness of DT-SACCOs Os in the County of Kiambu, Kenya.

The study hypothesis were

H_{01} Risk avoidance strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.

H_{02} Risk reduction strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.

H_{03} Risk transfer strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.

H_{04} Risk retention strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.

LITERATURE REVIEW

Theoretical Review

Balance Score Card Theory

This theory was put forward by Kaplan and Norton in 1992 as a management tool used in measuring organizational performance. Balance scorecard may also be considered by the management in turning strategy into action and enabling the management of new changes (Abedian et al., 2021). The BSC has been used in management reporting, formulation of strategy, stakeholder communication and operational alignment where up to 64% of companies worldwide have incorporated the theory in their performance assessment (Ratnaningrun et al., 2020).

The components of the BSC have been highlighted by Utomo et al., (2019) as financial perspective which is one of the most used in providing management with information on outcomes, through effective strategic implementation of goals while the customer perspective is concerned with positive word of mouth and sharing information about organization by satisfied customers. Additionally, customer perspective helps in determining customer needs and quality process used in the improvement of products and services for more value to customers. Internal process however, is concerned with efficiency and effectiveness hence identifying process that may enhance more value to customers while the learning and growth includes research and development, supporting employee growth, quality of information system and equipment thereby increasing performance (Dahir, 2022). These perspectives enable the management to verify and monitor organizational key activities, improving the process, anticipating problems and providing staff motivation for enhanced performance according to the organizational objectives (Orcid et al., 2021).

Contingency Theory

Fiedler (1964) proposed the theory of contingency in its article “A contingency model of leadership effectiveness” indicating that the right leadership style is based on environmental conditions that may arise within the context of a certain behavior. Prior to the theory development, Simpson (1950) did an examination of contingency tables to determine its practical application. Fiedler would then propose the theory indicating how the leaders’ effectiveness was dependent on different factors including; leaders characteristics, group make-up and tasks which had important role. The theory assumes that decision making may be approached depending on existing environmental conditions (Liu, 2020). An observation by Weii and Olson (1989) added that firms may use different models according to environmental conditions where they exist hence different planning techniques in procedures, operations and strategies (Ndaka, 2021).

The conceptualization of contingency theory has been suggested by Tate et al., (2022) as organizational design, contingency variable, effectiveness and fit where contingency variable includes; innovation, strategy, environmental uncertainty, technology and task uncertainty. The study is concerned with how the organization is incorporating its strategies within the uncertainties in the environment to enhance its organizational performance. Zvosec and Bass (2022) opine that the theory believe that organization must adapt to its environment in order to succeed and survive hence decision making which is in line with market and economic conditions. Additionally, the theory is of

the view that an organization is based on open system where it needs to adapt to the environment and being proactive in dealing with uncertainties and contingencies.

Enterprise Risk Management Theory

The Theory was proposed by Committee of the Sponsoring Organizations of the Treadway (2004) due to increasing corporate scandals that consisted of unethical conducts hence considered a standard reference for the implementation of ERM together with ISO 3100 (2009). According to COSO (2004), ERM is "any process that seeks to identify events that may have effect on the firm hence formulating risk management strategies in order to keep risk within the organization's risk appetite for purposes of meeting the objectives of the organization" (Jankensgard, 2019). ERM has been viewed as a contemporary paradigm that focuses on inclusive risk management thereby being adopted by the board of management in addressing information asymmetry and the principle-agency theory conflicts (Kanu M. S., 2021).

The main idea of ERM is the management of risks that the organization is exposed to and the capacity of the organization to accept risk exposure. There have been different definitions advanced to ERM where COSO (2016) views ERM as strategic activity that should blend with organization's strategic decision making, Alviniussen and Jankensgard (2009) consider ERM as a quantitative approach where statistical measures have been framed in terms of bottom lines while Power (2009) add that ERM is a risk control based on auditing and accounting logic. Bogodistov and Wohlgemuth (2017) perception of ERM is based on dynamic capability and resource -based view that an organization may use to direct its risk management resources to protect and enhance its competitive advantage (Jankensgard, 2019).

Empirical Review

Mumassaba et al. (2022) investigated risk avoidance and competitiveness of SMEs in Kenya using descriptive research design. Stratified random sampling aided the identification of 375 responders. Linear regression model enabled the analysis of primary data. The findings suggested that risk avoidance had substantial influence on competitiveness of the SMEs. This study targeted SMEs where stratified random sampling was used to categorize the sample. Even though the study used linear regression model in the analysis and found significant effect in SME competitiveness, the current study adopted the same model in primary data analysis but deviated from using competitiveness as the dependent variable hence may produce different findings.

Hussein, S. S. & Muchemi, A. (2019). Investigated on Michael Porter`s five forces on performance of savings and credit cooperative societies in Nairobi City County, Kenya. The study used descriptive survey research design while the target population consisted of all the 40 deposit-taking SACCOs registered by SASRA and providing financial services in Nairobi City county of Kenya. The study found that the availability of a substitution threat affects the profitability of an organization because consumers can choose to purchase the substitute instead of the Saccos product. The availability of close substitute products can make the Saccos more competitive and decrease profit potential for the firms in the industry. The threat of substitution in an organization affects the competitive environment for the firms in that industry and influences those firms' ability to achieve profitability.

Muchiri (2021) examined the impact of risk reduction strategies on the financial competitiveness of SACCOs in Kirinyaga County. The study utilized a descriptive research design and employed a census technique, involving 23 Saccos and targeting 115 respondents. Data was gathered via feedback form circulated to the top management of each Sacco. The analysis was conducted using descriptive and inferential statistics with the assistance of SPSS version 21. The results demonstrated a substantial and

considerable impact of risk mitigation approaches on the financial competitiveness of Saccos, concluding that these strategies are essential for improving financial performance. Although the study employed a census approach, which also applied in the current research, it focused on a different dependent variable—financial competitiveness. Additionally, the different geographical location may influence respondents' perspectives and yield varying results.

Jaber (2020) used descriptive research design that targeted 24 insurance firms in Ammah where 120 managers were involved to establish the impact of risk reduction Jordanian Insurance Companies' performance. Questionnaire was used in data collection using Likert scale. Managers were identified using purposive sampling. Reliability and validity checks were used. The findings showed that insurance firms estimated potential losses and engaged in employee training on different types of risks. The organizations also involved in technical regulation to cover claims that helped in reducing chances of risks. It was established that risks reduction had moderate and positive significant connect with organizational success. The research employed purposive sampling that may have introduced sampling biasness as it is not based on random sampling. The current study incorporated random sampling to reduce the likelihood of sampling error hence produced valid findings.

Thuku C. W., & Muchemi. A. (2021). Conducted a research on risk transfer strategy and the performance of insurance companies in Nyeri County, Kenya. Based on the findings, the study recommended that insurance companies to capitalize on the use of risk transfer strategies since they have a strong and positive influence on performance. There is need for the enhancement of cooperation of insurance companies in undertaking risky insurance contracts as well as broadening scope of reinsurance portfolio undertaken with reinsurance companies. The government should strengthen the derivatives market and Insurance Regulatory Authority should encourage insurance companies to use derivatives through training as an avenue of alternative risk transfer to enhance performance.

Chepkurui (2022) employed descriptive cross-sectional design that incorporated all 42 commercial banks in Kenya to investigate performance determinants through risk transfer. Top management consisted the respondents who provided their feedback. Results demonstrated that commercial banks were comprehensively insured as a means of mitigating risks. Even though the research utilized a census approach in identifying all the banks in Kenya, this research had a different target population, commercial banks with findings of positive and significant effect on bank's performance when risk transfer was adopted as an independent variable. The current research also used a census of all DT Saccos in Kiambu County thereby narrow to a small geographical location.

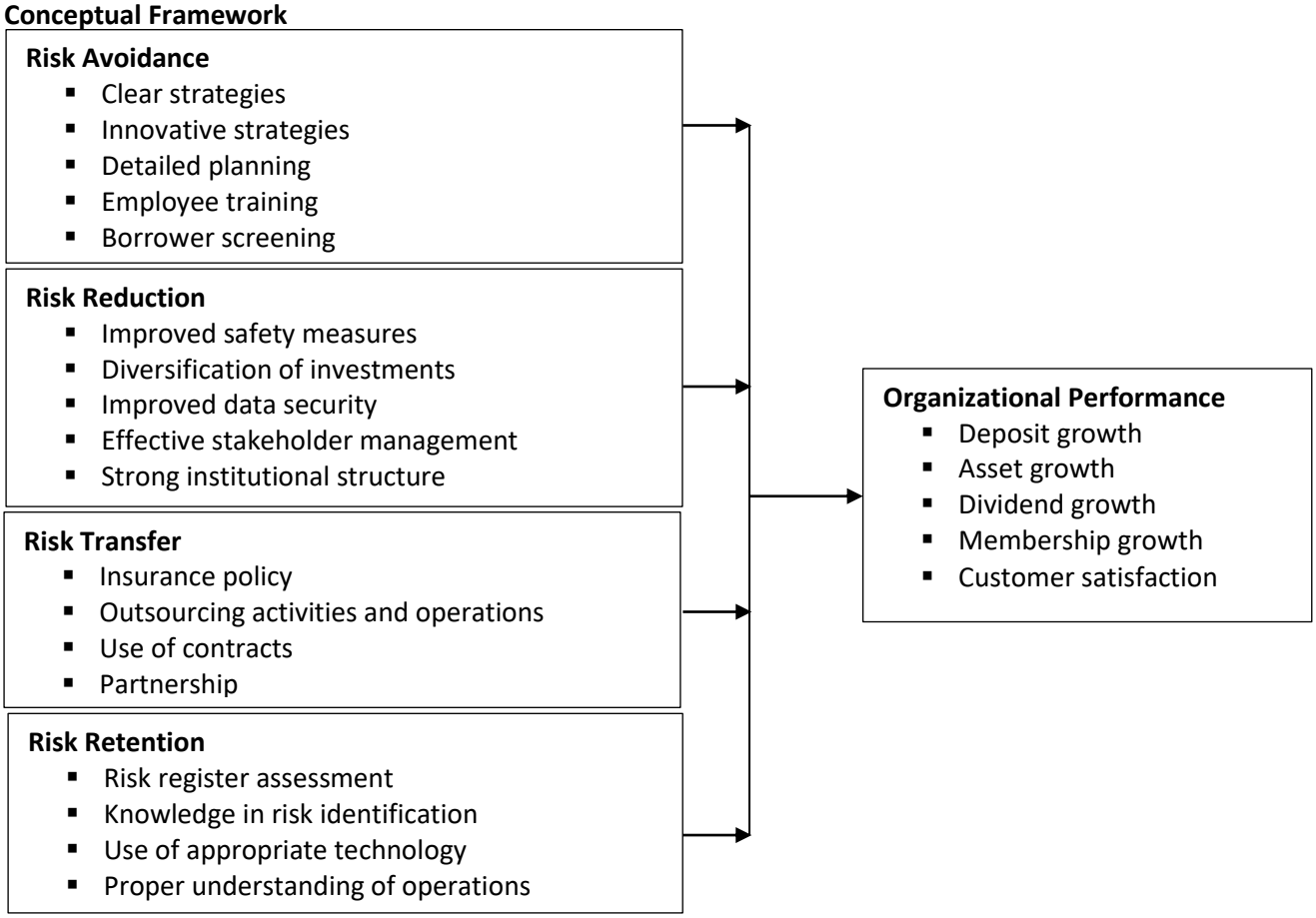
Nwosi and Imegi (2021) used Ex-post research design to predict how risk transfer determined performance using a total of 24 commercial banks to identify 13 banks. Multiple linear regression was used in analysis. Risk transfer had negative compelling outcome on performing loan portfolio. The study focused on the performance of loan portfolio which was a different dependent variable and observed the loan portfolio performance was affected negatively. The study in Kenya identified DT Saccos as the target population, be based in Kenya to establish if there was still negative effect on organizational performance.

Mumassabba et al. (2022) targeted 16,164 SMEs based in Kisumu County where a sample of 293 was generated to assess how competitiveness of SMEs was influenced by risk retention. Multiple regression and descriptive statistics was the tool used to analyze primary data. The findings showed that organizations were operating with realistic budgets in risk retention. There were collaterals that were used in accessing credit from financial institutions, SMEs were engaged in employee training and development and situational analysis was done to understand market trends. The target

population was SMEs and the geographical location was Kisumu County. The current study was targeting DT Saccos in Kiambu County.

Risk retention impact on insurance companies in Nigeria was examined by Oladunni and Okonwo (2022) using ex-post facto research design. The study obtained panel data from claims management and risk retention using a period of 2009-2018. A total of 58 insurance and reinsurance companies were used to generate a sample of 34 companies. Regression analysis was used in primary data analysis. The findings showed a negative coefficient of risk retention ratio on reinsurer insurer claims ratio (Oladunni & Okonwo, 2022). The study used ex-post facto research design while the current research used explanatory research design. The study also had a sample size of 34 which was raised in the current study to enhance the validity of the findings.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Source: Research (2024)

METHODOLOGY

The study used explanatory and descriptive research design. The unit of observation was all 14 DT Saccos in Kiambu County as presented by SASRA (2022) in its comprehensive directory for DT -Saccos in Kenya. The unit of analysis comprised all 129 heads of departments. A random observation of management team within DT Saccos in Kiambu County revealed; CEO, operations, credit, marketing, debt recovery, finance, ICT, audit, cashier (Fariji Sacco Society, 2023) adding up to 9 positions which was used as the unit of analysis. All

Deposit Taking Saccos with head offices in Kiambu county was included thereby provided a reliable and verifiable target population as well as help in avoiding any misrepresentation of the DT Saccos target population. Census study was used to incorporate all 14 DT Saccos from Kiambu County based on their small number (Ashkpour, 2019). Purposive sampling was used to identify all the 126 heads of department who participated in the study.

Face to face semi-structured questionnaire aided the collection of data. The instrument helps in collecting mass data, saving time, cost effective, highly structured and accurate in data collection (Taherdoost, 2021). The questionnaire was divided into three sections; the demographic, risk management strategies and organizational performance thus align with the objectives of the study. The tool was made simple and short, using understandable sentences that are clear to cater for respondents with different educational level.

The study used descriptive analysis to summarize data for description of relationship between study variables using mean, standard deviation and frequency tables (Kaur et al., 2018). Qualitative data was analysed using content analysis by grouping responses according to emerging themes. The researcher then integrated the findings in the report using verbatim (Kumar, 2011). Inferential statistics were used to make predictions and generalization (Amin, 2019). Relationship between variables was tested using Pearson correlation (Hariaji, 2021). The following model was used;

Y - $\beta a+\beta_1 X_1+\beta_2 X_2+\beta_3 X_3 + \beta_3 X_3 +e$
Y - Organizational success
X_1 - Risk Avoidance
X_2 - Risk Reduction
X_3 - Risk Transfer
X_4 - Risk Retention,
$\beta_l,\beta_2,\beta_3,\beta_4$ parameters

FINDING AND DISCUSSIONS

Response Rate

The response rate was calculated from a total of 126 heads of departments. The results indicated that the study attained a response rate of 94.4%. This figure was derived from 119 fully completed questionnaires out of a total of 126 distributed in the field. The non-response rate was recorded at 5.6%, as 7 questionnaires were not returned. Nevertheless, data analysis was conducted based on the achieved response rate, in accordance with the guidelines set forth by Sheehan (2021), which state that a response rate of at least 70% is sufficient for justifying analysis.

Descriptive Statistics Results

This section provides descriptive statistics for each variable related to the specific study objectives. Responses were assessed on a 5-point Likert scale (1= strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5= strongly agree), with the results elaborated herein. The summarized outcomes for each variable are computed utilizing the Mean (M) and Standard Deviation (SD). The outcomes are delineated as follows;

Risk Avoidance Strategy

This section presents results on the opinions of respondents regarding risk avoidance as a risk management strategy applied by DT-SACCOs in the County of Kiambu, Kenya. The findings are exhibited in Table 1.

Table 1: Risk Avoidance Strategy

Statements	M	SD
My organization has clear strategies that guides its relationship with customers.	4.08	0.918
My organization has implemented innovative strategies in risk avoidance.	4.67	0.328
My organization undertakes a detailed planning prior to implementing strategies.	4.09	0.876
My organization practices employee training to avoid risky contracts.	4.56	0.448
We practice borrower screening prior to granting any products or services.	4.03	0.948
Aggregate scores	**4.29**	**0.704**

Source: Survey Data (2025)

Table 1 suggests that the collective mean and std. dev. score of 4.29 and 0.704 respectively. This finding imply that the participants predominantly agreed with all the statements, demonstrating that risk avoidance strategies play a crucial role in the success of DT-SACCOs in Kiambu County, Kenya. The responders strongly agreed on the following claims; their firm had implemented innovative strategies in risk avoidance (4.67) and their organization practices employee training to avoid risky contracts (M=4.56). This high mean score suggests a strong belief among participants in the effectiveness of these strategies. The finding agrees with Ondu (2020) research who observe a positive and significant correlation between risk avoidance and Sacco performance, concluding that risk avoidance contributed to the profitability of the Saccos. The responders were asked to identify other risk avoidance strategies that the SACCO used to improve performance. The responses given are presented as follows;

The SACCO conducts thorough evaluations of potential risks associated with lending and investment activities. The SACCO diversifies its investment portfolios to minimize exposure to any single risk factor. The SACCO has established stringent credit evaluation procedures to assess the creditworthiness of potential borrowers. The SACCO has instituted rigorous internal control systems to monitor financial transactions and operational processes. o prepare for unforeseen circumstances, the SACCO maintains emergency funds that can be accessed during financial crises. The SACCO maintains emergency funds that can be accessed during financial crises to prepare for unforeseen circumstances'

Risk Reduction Strategy

This section presents results on the opinions of respondents regarding risk reduction as a risk management strategy applied by DT-SACCOs in the County of Kiambu, Kenya. The findings are exhabited in Table 2.

Table 2: Risk Reduction Strategy

Statements	M	SD
There are improved safety measures in my organization.	4.54	0.481
There is diversification of investments that has helped in risk management.	4.44	0.556
My organization has improved in data security.	4.09	0.811
My organization has put in place strong structure to reduce any potential risk.	3.90	1.091
My organization is managing its stakeholders for risk reduction.	4.52	0.480
Aggregate scores	**4.29**	**0.684**

Source: Survey Data (2025)

Table 2 demonstrates that the cumulative mean and std. dev. score of 4.29 and 0.704. Such statistical data implies that the participants believe that the implementation of effective risk reduction measures plays a crucial role in enhancing the operational success and sustainability of these financial cooperatives. The relatively high mean score reflects a positive perception of these strategies, while the std. dev. suggests a moderate level of agreement amongst the responders, reinforcing the importance of risk management in the context of DT-SACCOs. The respondents strongly agreed on the following statements; there were improved safety measures in their organization (4.54) and that their organization was managing its stakeholders for risk reduction (4.52). These findings imply that the SACCOs are making substantial progress in enhancing safety measures and fostering stakeholder engagement to effectively address and mitigate potential risks. The finding concurs with Muchiri (2021) research observation that there is a positive and significant effect of risk reduction strategies on the financial competitiveness of Saccos.

The respondents were asked to indicate other risk reduction strategies that the SACCO used to improve performance. The responses given are presented as follows;

'The SACCOs offers a range of financial products and services to reduce their exposure to risks associated with any single product. SACCOs implement stringent financial controls and regular audits to ensure that they maintain accurate financial records and adhere to best practices. SACCOs provide members with financial literacy programs to enhance their understanding of financial products and responsible borrowing. SACCOs regularly assess potential risks and monitor the financial health of the organization so as to identify and address issues proactively.'

Risk Transfer Strategy

This section presents results on the opinions of respondents regarding risk transfer as a risk management strategy applied by DT-SACCOs in the County of Kiambu, Kenya. The findings are exhibited in Table 3.

Table 3: Risk Transfer Strategy

Statements	M	SD
All organizational assets are insured.	4.67	0.330
Due to insurance, my organization has reduced the risk of losing funds.	3.94	1.056
My organization practices outsourcing of ICT to reduce data losses.	4.50	0.500
My organization engages in operational outsourcing in marketing and strategy.	3.94	1.064
My organization engages in the practice of legal contracting of services.	4.51	0.490
The DT Sacco has enhanced the use of asset-backed securities in loan provision.	3.76	1.315
My organization has insured all credit products.	4.59	0.410
Aggregate scores	**4.27**	**0.738**

Source: Survey Data (2025)

Table 3 shows that the cumulative mean and std. dev. score of 4.27 and 0.738 correspondingly. Such statistical data implies that the participants not only agree with the statements presented but also perceive a significant connection between the implementation of risk transfer strategies and the successful operation of DT-SACCOs in the region. The responders strongly agreed on the subsequent statements; all organizational assets were insured (4.67), their organization practices outsourcing of ICT to reduce data losses (4.50), their organization engaged in the practice of legal contracting of services (4.51) and their organization had insured all credit products (4.59). The finding agrees with Chepkurui (2022) research observation that commercial banks were comprehensively insured as a means of mitigating risks.

The respondents were asked to indicate other risk transfer strategies that the SACCO used to improve performance. The responses given are presented as follows;

'Use of insurance products to cover specific risks, such as loan defaults or natural disasters, thereby transferring the financial burden to the insurance provider. Additionally, SACCOs diversify their investment portfolios to mitigate risk across many asset classes, thereby lessening the effects of any individual investment's underperformance. Furthermore, establishing partnerships with other financial institutions facilitate risk-sharing arrangements, allowing SACCOs to distribute risks associated with lending and investment activities. Implementing robust risk management frameworks, including regular risk assessments and the development of contingency plans, also plays a crucial role in identifying and addressing potential threats to performance.'

Risk Retention Strategy

This section presents results on the opinions of respondents regarding risk retention as a risk management strategy applied by DT-SACCOs in the County of Kiambu, Kenya. The findings are exhibited in Table 4.

Table 4: Risk Retention Strategy

Statements	M	SD
There is regular risk registration assessment that helps in risk retention.	4.63	0.367
The bank is aware of risks consequences that it has identified and retained.	4.39	0.510
The bank uses appropriate technology in the retention of risk.	3.57	1.427
There is proper understanding of operations in risk retention	3.93	1.067
The organization is ready to cope with risk when it arises.	3.67	1.371
The organization has a clear risk retention procedure.	4.54	0.476
My DT Sacco recognizes the volatile, dynamic and risky environment in its industry.	3.94	1.080
Aggregate scores	**4.09**	**0.899**

Source: Survey Data (2025)

Table 4 illustrates that the cumulative mean and std. dev. score of 4.09 and 0.899 respectively. Such statistical results demonstrates that there is a strong perception among the participants regarding the positive role that risk retention strategies play in enhancing the effectiveness and performance of DT-SACCOs in the region. The respondents strongly agreed on the following statements; there was regular risk registration assessment that helped in risk retention (4.63) and that the organization had a clear risk retention procedure (4.54). These findings imply that the participants perceive the organization's risk management practices as strong and effective, contributing to a structured environment for managing and retaining risks. The finding agrees with Mumassabba et al. (2022) research observation that organizations were operating with realistic budgets in risk retention.

The respondents were asked to indicate other risk retention strategy ies that the SACCO used to improve performance. The responses given are presented as follows;

'The SACCO implements a strong risk assessment framework to identify and evaluate potential risks that could impact its operations. The SACCO establishes a reserve fund specifically designated for risk retention. By setting aside financial resources, the organization can absorb potential losses without significantly affecting its overall financial stability. The SACCO engage in continuous training and capacity building for its staff and members and the SACCO establish partnerships with other financial institutions or organizations to share risks.'

Organizational Performance

This section includes findings on respondents' perceptions on the success of DT-SACCOs in Kiambu County, Kenya. The results of the descriptive statistics are displayed in Table 5.

Table 5: Organizational Performance

Statements	M	SD
Because of our risk management strategies put in place by my organization, there is improved asset growth.	3.21	1.790
Total assets have increased in the last three years in my organization.	2.97	2.030
Risk management strategies has enhanced my organization's total deposits	2.56	2.440
My organization has experienced increased customer satisfaction in the last three years.	2.90	2.090
My organization has recorded improved dividend growth.	3.06	1.939
Aggregate scores	**2.94**	**2.058**

Source: Survey Data (2025)

Table 5 demonstrates that the cumulative mean and std. dev. of 2.99 and 2.058 respectively. These statistical figures imply that the respondents neither strongly endorsed nor rejected the

effectiveness of DT-SACCOs, indicating a lack of consensus on their perceived impact within the community. The finding contradicts with Ondiek and Muathe (2017) research observation that the identification of risk, measurement of the likelihood of occurrence and the impact, developing treatment mechanisms and reducing or eliminating risk using limited resources.

Results on Multiple Regression Analysis

The results of the regression analysis were obtained from three key components: the model summary, the ANOVA table, and the coefficients. The findings from this analysis are detailed below:

Model Summary

The summary of the model was analysed to provide an overview of the statistical analysis conducted, highlighting key metrics that indicate the model's performance and fit. The results are exhibited in Table 6.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.891	0.794	0.743	0.003

Source: Survey Data (2025)

Table 6 showed that the value of adjusted R square was 0.743 or 74.3% which shows the level to which the success of DT-SACCOs in Kiambu County, Kenya was impacted by risk avoidance, risk reduction, risk transfer and risk retention. This also means that other risks not studied account for the remaining 25.7% on performance.

Analysis of Variance

The Analysis of Variance table was done to determine whether the independent variables significantly contribute to explaining the variability in the dependent variable. The finding is exhibited in Table 7.

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	206.452	4	51.613	59.949	0.004
	Residual	98.147	114	0.861		
	Total	304.599	118			

Source: Survey Data (2025)

Table 7 showed that the statistical F value was 59.949 greater than the statistical mean value of 51.613. In addition, the significance value was at 0.004 that was less than the significance level at 0.05. Therefore, it can be concluded that the model was significant.

Coefficients

The coefficients of regression were determined to identify the strength and direction of the relationship between the independent variables and the dependent variable as shown in Table 8.

Table 8: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.603	.341		1.768	.003
	Risk avoidance	.785	.211	.0311	3.720	.002
	Risk reduction	.774	.334	.0405	2.317	.003
	Risk transfer	.796	.297	.0297	2.680	.002
	Risk retention	.751	.226	.0506	3.323	.004

Source: Survey Data (2025)

Table 8 revealed that holding risk avoidance, risk reduction, risk transfer and risk retention to a constant, success of DT-SACCOs in Kiambu County, Kenya is a factor of 0.603. In addition, the regression coefficients indicate that an improvement on risk avoidance, risk reduction, risk transfer and risk retention would improve the success of DT-SACCOs in Kiambu County, Kenya by 0.785, 0.774, 0.796 and 0.751 respectively.

The established regression equation was as follows;

Organizational performance = 0.603 + 0.785(risk avoidance) + 0.774(risk reduction) + 0.796 (risk transfer) + 0.751 (risk retention) + ε

The results also implies that risk avoidance had a favourable significant influence on the success of DT-SACCOs in Kiambu County, Kenya (β=0.0311, p=0.002). The strong statistical significance of the results indicates that risk avoidance is a crucial factor in improving the performance metrics of DT-SACCOs. The result agrees with Ochola et al (2022) research observation that risk voidance lead to the adoption of business strategies, investment practices and information security which resulted to enhanced performance of the country governments.

The research demonstrated that risk reduction strategy had a positive and significant connection with the success of DT-SACCOs in Kiambu County, Kenya as indicated by beta- value of 0.0405 and a significant value of 0.003. This outcome implies that the implementation of risk reduction strategies is likely to enhance the operational effectiveness and overall performance of DT-SACCOs in the region. The finding is consistent with Jaber (2020) research observation that risks reduction had moderate and positive significant relationship with organizational success.

The research found that risk transfer strategy had a favouarble and significant connection with the success of DT-SACCOs in Kiambu County, Kenya (β=0.0297, p=0.002). This finding implies that the implementation of effective risk transfer strategies is likely to enhance the operational performance of DT-SACCOs in this region. The results are consistent with Odhiambo and Senelwa (2021) research observation that organizations were involved in outsourcing of functions to reduce project delays.

The research ascertained that risk retention strategy had a favourable and substantial connection with the success of DT-SACCOs in Kiambu County, Kenya (β=0.0506, p=0.004). This finding implies that the implementation of risk retention practices can enhance the operational effectiveness and overall performance of these financial institutions, highlighting the importance of such strategies in fostering stability and growth within the sector. The finding concurs with Muchame and Ondu (2020) research observation that risk retention had a favourable influence on success of Saccos with conclusion that risk retention played a key role in performance of the Saccos.

CONCLUSIONS AND RECOMMENDATIONS

The research concludes that a risk avoidance

strategy streamlines processes and implements best practices leading to improved operational efficiency, reducing costs and enhancing service delivery to members. A structured risk avoidance strategy provides a framework for informed decision-making enabling the DT-SACCO management to make strategic choices based on comprehensive risk assessments, leading to more favorable outcomes. Implementing a risk avoidance strategy equips DT-SACCOs with the tools to anticipate and prepare for potential crises. This preparedness can mitigate the impact of unforeseen events, ensuring continuity of operations.

The study concludes that a strong risk reduction strategy demonstrates a commitment to safeguarding members' investments which strengthen trust and loyalty among members, resulting in higher retention rates and attracting new members. Proper risk reduction strategy leads to better resource allocation and improved service delivery, enhancing overall organizational performance. A well-defined risk reduction strategy ensures that DT-SACCOs adhere to regulatory requirements and industry standards.

The study concludes that risk transfer strategy enable DT-SACCOs to maintain a more stable financial position which is crucial for building trust among members and attracting new clients, ultimately leading to increased deposits and lending activities. The risk transfer strategy enable the DT-SACCOs to focus on their core functions, such as member services and loan processing, rather than being bogged down by risk management issues leading to improved service delivery and member satisfaction. Risk transfer facilitates better access to capital which allow investors and financial institutions to be more likely to engage with DT-SACCOs that demonstrate effective risk management practices.

The study concludes that retaining risk enable the DT-SACCOs to develop a deeper understanding of their risk profiles, allowing for more informed decision-making and better management of financial resources. A risk retention strategy fosters a culture of risk awareness and proactive management within the organization enabling the members and management become more engaged in identifying and mitigating risks, which can lead to more robust internal controls and governance practices. Furthermore, by retaining risks, DT-SACCOs are able to potentially reduce costs associated with insurance premiums, thereby enhancing member satisfaction and loyalty.

The research recommended that it is necessary to conduct comprehensive risk assessments to identify potential vulnerabilities within the DT-SACCOs. This involves scrutinizing both internal and external issues that may affect their financial stability and operational effectiveness. The DT-SACCOs should implement strong training programs for staff and members on risk management practices that can significantly improve awareness and preparedness. This training should cover topics such as financial literacy, fraud detection, and the importance of compliance with regulatory frameworks.

The study recommended that the DT-SACCOs should adopt advanced technology solutions that can significantly improve risk management through the use of data analytics and risk management software to monitor financial health, assess creditworthiness, and detect fraudulent activities in real-time, thereby minimizing potential losses. Additionally, fostering partnerships with local financial institutions and regulatory bodies can enhance the support network for DT-SACCOs. Collaborating with these entities can provide access to resources, expertise, and best practices in risk management. Lastly, establishing a robust internal control system is vital. This includes regular audits, compliance checks, and transparent reporting mechanisms to ensure accountability and reduce the risk of mismanagement or fraud.

The study recommended that DT-SACCOs can enhance their risk transfer strategies by diversifying their investment portfolios. Diversifying investments across multiple sectors and asset classes can alleviate the effects of negative

occurrences in any specific domain. Collaborating with insurance companies can provide DT-SACCOs with tailored insurance products that cover specific risks. This partnership can help in transferring risks associated with loan defaults, natural disasters, and other unforeseen events. Establishing comprehensive risk management frameworks that include regular risk assessments and monitoring can help DT-SACCOs identify potential risks early. This proactive approach allows for timely interventions and adjustments to risk transfer strategies.

The study recommended that the DT-SACCOs should concentrate on educating members about financial management and risk awareness can enhance their understanding of the cooperative's operations. This knowledge empowers members to make informed decisions, thereby reducing the likelihood of defaults on loans. Leverage technology, such as data analytics and risk management software to improve the monitoring and assessment of risks. This allows for timely interventions and informed decision-making. The DT-SACCOs should partner with banks and other financial institutions to provide them with access to additional resources and expertise in risk management. Such collaborations can enhance the overall resilience of the cooperative.

Suggestions for Further Study

The study suggests carrying out additional research on alternative risk management approaches employed by DT-SACCOs to overcome the 25.7% gap observed in the regression analysis. Furthermore, other studies may be conducted that concentrate on other financial institutions within Kiambu County, Kenya, beyond from DT-SACCOs. Moreover, the study employed descriptive research design, therefore there is need to employ other research design to address a methodological gap.

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