

**RISK MANAGEMENT STRATEGIES AND ORGANIZATIONAL
PERFORMANCE OF DEPOSIT TAKING SACCOs IN KIAMBU COUNTY,
KENYA**

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DECLARATION

This research project is my original work and to the best of my knowledge and has never been submitted for a degree at any other institution of higher learning.

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DEDICATION

I dedicate this research project to my late brother Moses Kinyua Murungi.

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I also extend my thankfulness to the Almighty God for granting me the knowledge, strength, and wisdom to work on this research project; it would not have been possible without His guidance. I especially wish to acknowledge my supervisor, Dr. Anne Muchemi, for her unwavering support and clear direction in developing this project. Her assistance has been invaluable thus far. I also extend my thankfulness to all staff from the School of Business, Economics, and Tourism, as well as the entire Kenyatta University community, for the resources they have provided, ensuring I can conduct my research in a conducive environment. Lastly, I sincerely thank my family members, including my parents and siblings, especially Dr. Lucy Murungi, who has supported my educational journey, along with my spouse and children, for their mental and financial support.

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OPERATIONAL DEFINITION OF TERMS

Organizational Performance: It pertains to how a Deposit Taking Sacco effectively manages its resources to generate profits. Organizational performance was assessed based on factors such as growth in deposits, total assets, membership expansion, member satisfaction, and dividend growth.

Risk Retention: This involves acknowledging the risk and formulating a plan within the framework of risk management. The study used risk assessment register, risk identification knowledge, appropriate technology use and good understanding of operations.

Risk Avoidance: This involves activities that organizations undertake to do away with all possibilities of danger that may reduce the performance of the organization. The variable measurement was based on; employee training, clear strategies, borrower screening, innovative strategies and detailed planning.

Risk Reduction: This strategy consists of taking initiatives to reduce the chances of risk through minimization of any potential risk. The study measured risk reduction using; safety measures put in place, data security improvements, diversification of investment, stakeholder management and strong institutional structure.

Risk Transfer: The strategy allows the DT Saccos to shift the potential impact of risk to a third party such as insurance to pass on the responsibility in risk management. The study measured risk transfer through; activity outsourcing, insurance policy, contract use and partnership.

Risk Management Strategies: The management strategies that aim at reducing the risk that threatens the realization of DT Sacco's vision by limiting the implementation of its strategies thereby having impact on long-term financial performance. The variable was measured using; risk reduction risk avoidance, risk transfer, and risk retention.

ABBREVIATIONS AND ACRONYMS

BSC:	Balanced scorecard
CCUA:	Canadian Credit Union Association
CEO:	Chief Executive Officer
COSO:	Committee of Sponsoring Organizations of the trade way commission
CUC:	Credit Union Cooperation
DTS:	Deposit Taking Saccos
EPS:	Earnings per Share
ERM:	Enterprise Risk Management
ICT:	Information and Communication Technology
JKIA:	Jomo Kenyatta International Airport
LIC:	Life Insurance Corporation
NGO:	Non-governmental Organizations
RBV:	Resource-based view
SACCO:	Savings and Credit Cooperatives
SASRA:	Sacco Society Regulatory Authority
SMEs:	Small and Medium Enterprises
SPSS:	Statistical Package for the Social Sciences
USD:	United States Dollars
VRIN:	Valuable, Rare, Inimitable, Non-substitutable
WOCCU:	World Council of Credit Unions

ABSTRACT

Deposit Taking Saccos performance in the County of Kiambu is essential for long-term provision of guaranteed services to its membership while also supporting the governments Vision 2030 and growth of gross domestic product. However, an analysis of a three years organizational performance of DT-SACCOs revealed decline in deposits, gross loans and total assets. The focus of this research was to investigate the effect of risk management strategies on organizational performance of DT-SACCOs in Kiambu County. The study intended to determine the effect of risk avoidance, risk reduction, risk transfer and risk retention strategies on the organizational performance of DT Saccos in Kiambu County. Resource-based view, balanced scorecard, contingency and enterprise risk management theories guided the study. 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 from 14 DT-SACCOs. Based on the small number of DT-SACCOs in Kiambu County, a census study was used. Semi-structured questionnaire was utilized for data collection. Nairobi City County is where the Pilot Study was done involving two DT-SACCOs with 12 respondents. Content, face and construct validity determined validity of the instrument. Cronbach alpha with a cut-off point of 0.7 to enable reliability analysis. Descriptive statistics and inferential analysis aided in data analysis. Ethical consideration such as anonymity, voluntary participation and consent was considered in the research. The risk avoidance ($\beta=0.0311$, $p=0.002$), risk reduction strategy ($\beta=0.0405$, $p=0.003$), risk transfer strategy ($\beta=0.0297$, $p=0.002$) and risk retention strategy ($\beta=0.0506$, $p=0.004$) were found to have a positive significant impact on the success of DT-SACCOs in the County of Kiambu, Kenya. The study 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 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 recommends that it is necessary to conduct comprehensive risk assessments to identify potential vulnerabilities within the DT-SACCOs. The deposit taking 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. Deposit taking 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 the cooperative's operations.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

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).

Globally, the performance of the deposit taking societies provided by World Council of Credit Union (WOCCU) reveals a total global membership of 260 million with total savings and shares consisting of USD 1.7 trillion, total loans of USD 1.5 trillion with an asset value of USD 2.1 trillion. In Canada, deposit taking cooperatives play significant role in providing financial services to their members, engaging in micro lending partnership, deposit taking, loan issuing and supporting economic activities through buying and selling of funds and investment that generate goods and services (Ahlmehdawe et al., 2019). The deposit taking cooperatives deposits increased by 4.5% which relates to \$251 billion, while membership exceeded six million Canadians and 29,100 employments as at December 2022 (Canadian Credit Union Association (CCUA), 2023).

The rapid growth of the deposit taking cooperatives in China, is attributed to the promulgation of the Law of specialized cooperatives in 2007 that has seen the growth of the sector reaching 2.2 million members with 13, 000 cooperatives as at December 2020. This has been considered above four times growth as compared to 2011 immediately after the passing of the cooperative Law. These cooperatives have created more development and cooperation among the union members that has enhanced their performance. However, there is limited market competitiveness which may threaten their growth thereby inhibit their performance (Hhang, Schmit, & Kong, 2022).

The Thailand's Credit Union Cooperative (CUC) was established in 1965 with 13 unions. However, as at 2016, the cooperatives recorded growth evidenced in the rise of numbers to 579. However, deposits and total revenue of these cooperatives have continued to reduce

thereby affecting 56,000 members who have not been able to withdraw their savings as a result of liquidity challenges (Kumkit et al., 2022).

An analysis across the African continent indicates how organizational performance of Saccos in Malawi has shown a decline exceeding 15% over the last decade attributable to substandard asset quality, diminished profitability, inadequate governance, insufficient liquidity, and noncompliance (Ngui, 2018). The same experience has also been observed in East Africa where Tanzanian Deposit Taking cooperatives have showed that despite the contribution of the movement in enhancing financial inclusion, the Saccos have failed to meet the needs of the members leading to dissatisfaction and member withdrawal, poor provision of services, excessive external dependency and failure to face competition (Mohamed, 2018).

The Kenyan cooperative sector has grown reaching 175 DT Saccos as at December 2021. However, four of the DT Saccos did not comply with regulatory requirement hence had their license cancelled. The sector has also recorded growth in deposit by 9.92% in 2021 and gross loans by 10.0%. However, the sector registered high allowance for loan loss from 24.19% to 34.05% which translates to 40.77% loan loss (Sacco Society Regulatory Authority, 2021). An observation of performance trend within the deposit taking sector in Kenya showed a decreasing performance in total assets which was 12.41% (2018/2019), increasing to 12.75% (2019/2020) then dropping at 10.10% (2020/2021). The same trend is also recorded in total deposits which was 11.27% (2018/2019), 13.41% (2019/2020) and reaching 9.92% (2020/2021) while gross loans also reduced from 12.09% (2018/2019), 13.16% (2019/2020) and 10.00% (2020/2021). Even though the instability may have been influenced by Covid19, the fluctuation in performance demonstrates weak systems and

strategies that have negative effect in the general DT Sacco performance (The Sacco Society Regulatory Authority (SASRA), 2022).

1.1.1 Organizational Performance

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).

Kaplan and Norton (2016) analyze performance by linking objectives and performance in consideration of four perspectives; financial perspective analyses profitability. The non-financial measurements determine customer satisfaction, quality, innovation, and employee development (Kefe, 2019). Performance may also be measured based on employee engagement, customer satisfaction, productivity and innovation where organizations engage in performance measurement to identify areas of improvement (Bozic, 2023). Within the cooperative movement, performance has been measured based on membership recruitment, dividend payout, deposit growth, member retention, customer satisfaction and employee turnover (Ogweno & Bula, 2023). The cooperative organizational performance measurement has been determined on shareholder satisfaction, customer satisfaction and net profit, (Shamsuddin et al., 2018).

The Kenyan Sacco sector are faced with several challenges evidenced in the long list of unapproved loans and failure to pay dividend which contributes to members withdrawal of their savings and thus affecting the Sacco growth rate that limit them from exploiting their maximum potential (Kahindi, 2020). According to SASRA report 2021, Saccos are

currently experiencing liquidity problems due to the increased demand of cheap loans and increased savings withdrawals which indicate huge threat that may lead to the collapsing of the Saccos (SASRA, 2022). An observation on the comparative sector in Kenya shows a formidable instrument in wealth creation before and after independence. However, the deposit taking cooperatives have either been split up or collapsed, while others have misused members' funds, engaging in fraudulent activities as well as experiencing delays in loan approvals.

An analysis by Chepkirui and Otieno (2018) measured performance of Bomet County Saccos using poverty level, loan portfolio and revenue growth. Waithaka (2018) study in Kiambu County adopted performance metrics of growth in sales, enhanced profit and membership growth. Mbugua and Kinyua (2020) considered performance measurement through; market share growth, customer satisfaction, customer loyalty and brand image while Odero (2023) also added customer satisfaction and customer loyalty to measure organizational performance. The author incorporated asset growth, number of members and deposit growth. Lenkule (2019) used revenue growth, capital increase, and investment growth, and operational efficiency, growth in dividend, product reviews, staff turnover and member turnover to measure how Saccos in Kenya were performing. The current study measured organizational performance based on; asset growth, total deposit, dividend growth, customer satisfaction and membership growth. The metrics have been chosen as they are recommended as performance indicators by SASRA (2022) and have been used by Waithaka (2018) to measure performance in Kiambu County and recommended by Odero (2023).

1.1.2 Risks Management Strategies

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).

Different concepts have been proposed to identify risk management strategies where Cantillo and Caillie (2023) highlighted risk insurance while Bhoola et al. (2014) suggested; risk acceptance, avoidance, transfer and mitigation. Ondiek and Muathe (2017) recommend; pooling and sharing or informal insurance while Karoney (2022) view management strategies as consisting of hedging, diversification and insurance. Other suggestions of risk management strategies have been provided by Kamunya (2021) as risk reduction, sharing, avoidance and retention. Risk avoidance is the deflection of risk as much as possible to prevent any occurrence while risk reduction is the mitigation taken by deposit taking cooperatives to reduce the chance of loss that may be incurred. Risk sharing is the spreading of risk including transfer and outsourcing while risk retention is the allocation of money to overcome risk when it eventually arises (Kamunya, 2021). Risk management strategies were measured through; risk avoidance, risk reduction, transfer and risk retention. The strategies have been chosen as they have been recommended by Deposit

Taking Sacco regulator to mitigate risk and reduce any chances of losses that may endanger member investments and depositors (Sacco Societies Regulatory Authority, 2015).

Risk avoidance is the elimination of risk so that it does not completely occur as the activity is avoided hence there is no chance of loss (Mumassabba, 2022), avoiding situations that may lead to risks or altering a project plan to remove the risk that might otherwise cause a risk occurrence (Purpura, 2013). Risk avoidance has also been considered as the establishment of procedures and policies that foresee high risk events in order to avoid their occurrence (Evans, 2019). Risk avoidance strategies is achieved by having clear strategies, keeping off hazardous activities, incorporating innovative strategies, delaying into entering new markets, delay in new product development, detailed planning, employee training and having borrower screening (Ondu, 2020).

Risk avoidance strategy queries whether the danger should be shunned or selecting a tried-and-true technology over an innovative one to avoid technological risk (Purpura, 2013). Risk avoidance may be effective in the management of disruptions when the potential negative impact of the risk is high. Risk avoidance strategy may be successful when there is effective communication, stakeholder engagement, and the use of appropriate risk management tools and techniques (Dittmann, 2020). This study measured risk avoidance through; determination of clear strategies, having a detailed plan, borrower screening, employee training and innovative strategies as they were considered effective in risk avoidance (Ondu, 2022).

Chepkwony (2018) defines risk reduction as lowering of chances of loss or risk severity. Risk reduction is defined as organizational steps in taking precautionary activities to

lower the extent of risk or loss. Risk reduction strategies include implementing safety measures, diversifying investments, and improving data security. Risk reduction may also be achieved through capacity building, collateral use, setting conditions and having borrower screening to lower the likelihood of loss. Risk reduction may also be based on portfolio management, developing strong institutional structure as well as having effective stakeholder management (Chepkwony, 2018). This study measured risk reduction using; safety measures, improvement in data security, investment diversification, stakeholder management and strong institutional structure as used by Chepkwony (2018) in the determination of risk reduction.

The diversion of risk to a third party is termed as risk transfer as it lowers the financial effect to the organization (Githaiga, 2023). The strategy may be achieved by purchasing insurance policy which is widely practiced among the deposit taking Saccos to cover potential losses (Magiri, 2014). Risk transfer includes outsourcing activities, and using contracts to transfer liability. Outsourcing may be done by a company on some of its operations to another company as well as transferring the operational risk to the outsourcing company who bears financial burden if anything goes wrong (Lambaino et al., 2018). This study measured risk transfer by incorporating insurance policy, use of contracts, activity outsourcing and partnership as used previously by Magiri (2014) and Lambaino et al., 2018).

The acceptance of risk by taking responsibility is risk retention as the organization allocates resources when the cost is lower than risk transfer (Mumassabba et al., 2022). Risk retention is considered appropriate where there is no any other option as risk transfer may seem impossible, while avoidance may be undesirable. Risk retention is applicable when financial loss is low as well as having risk with lower probability of occurrence.

Different risk retention strategies have been suggested; consistent assessment in the risk register for early detection of risk, having knowledge in risk identification, application of appropriate technology in risk identification, proper understanding of operations (Obillo, 2020). This study intends to measure risk retention through; assessment of risk register, knowledge in risk identification, understanding of operations and appropriate technology as recommended by Obillo, 2020).

1.1.3 Deposit Taking Saccos in Kiambu County

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).

1.2 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) analysed 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 DT-SACCOs in the County of Kiambu, Kenya.

1.3 General Objective

The primary goal of this research was to explore how risk management strategies influence the success of DT-SACCOs in Kiambu County, Kenya.

1.3.1 Specific Objective

- i. To examine the effect of risk avoidance strategies on success of DT-SACCOs in the County of Kiambu, Kenya.
- ii. To ascertain the effect of risk reduction strategies on the success of DT-SACCOs

in the County of Kiambu, Kenya.

- iii. To investigate the effect of risk transfer strategies on the success of DT-SACCOs in the County of Kiambu, Kenya.
- iv. To consider how risk retention strategies affect the effectiveness of DT-SACCOs in the County of Kiambu, Kenya.

1.4 Research Hypothesis

- H₀₁ Risk avoidance strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.
- H₀₂ Risk reduction strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.
- H₀₃ Risk transfer strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.
- H₀₄ Risk retention strategies does not significantly affect the success of DT-SACCOs in the County of Kiambu, Kenya.

1.5 Significance of the Study

Study findings may support policy makers and regulators on possible interventions needed to support risk management strategies necessary in improving Sacco performance. These recommendations may be incorporated in regulation and compliance thereby reinforcing financial soundness of the sector. The management may benefit from the results of the study through identification of effective risk management strategies thereby incorporation in management practice, strategic planning and corporate objectives to enable the realization of organizational performance in the long-term.

The study outcome may profit members in the Deposit Taking Saccos through the adoption of effective and appropriate risk management strategies that would enhance organizational performance hence lead to more loans to the members as and when they need as well as provision of interest on deposits and dividend in the long term thereby increasing member satisfaction. Future researchers stand to benefit from the study through the incorporation of the outcomes in their studies, identification of research topic and suitable research methods in their study. The findings would also promote the building of knowledge within risk management and organizational performance as well as be considered as a benchmark within the Deposit Taking Sacco sector.

1.6 Scope of the Study

This study restricted itself to risk management strategies as owing to less research that linked risk management strategies and organizational performance. This study was confined to DT-SACCOs to add new knowledge within the sector. This study worked with contingency theory, enterprise risk management and balanced-scorecard theories. The study was restricted to explanatory and descriptive research design. The study's geographical location was Kiambu County which is likely to produce a different result. The study used purposive sampling to identify respondents based on their level of expertise in the research objectives. The unit of observation was 126 heads of departments from all the DT Saccos. Semi-structured questionnaire aided data collection. The year of study was 2024 where data collection was taken in the month of October, 2024.

1.7 Limitations of the Study

The research could face several constraints that can potentially impact its outcomes and validity. First, fear of respondents in participating in the study. However, this was mitigated

by assuring the respondents the confidentiality of the data and explained the purpose of the study. Second, the time restriction but was solved by establishing a clear timeline with specific milestones can help manage time effectively, ensuring that the research progresses as planned. Thirdly, limited sample size, and access to relevant data. However, this was mitigated by employing a larger and more diverse sample size to improve the reliability of the findings, while utilizing online databases and networks could facilitate access to necessary data. Additionally, a pilot test was done to help identify potential issues early on, allowing for adjustments to be made before the main research is conducted.

1.8 Organization of the Study

The research was organized as follows; First chapter discusses the background of the research variables, outline the problem statement, and present the objectives, significance, scope, and limitations of the research. Second chapter discusses the theoretical framework guiding the research, review relevant empirical studies, identify research gaps, and present the conceptual framework. Third chapter will focus on the research methodology, detailing data collection and analysis methods, research design, target population, sampling design, research tools, pilot testing, validity and reliability, data analysis, and ethical deliberations. The fourth chapter concentrates on the research's outcomes and discussions. Chapter 5 delineates the summary, conclusions, recommendations, and proposals for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter examines the theories that guide the research process, with a specific focus on the Balanced Scorecard Theory, Contingency Theory, and Enterprise Risk Management Theory. Additionally, it reviews various empirical studies aligned with the research objectives, identify gaps in the existing literature, and develop a conceptual framework to the connections among the variables.

2.2 Theoretical Literature Review

2.2.1 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).

The benefits of the BSC have been realized in its deductive analytical process which provides guaranteed relationship hence fostering the commitment to realizable procedure, enhancing communication of performance measurements to employees in a more interactive way and connects individual goals, resources and commitment to the overall company goals (Panggabean & Jermias, 2020). Even though the BSC has been adopted widely based on its benefits, its implementation has produced varied results where some have been successful, while there have not been actual results in others where Bessire and Baker (2005), Dinesh and Plamer (1998) have criticized the theory on how it does not have human relations in its implementation. Norreklit (2003), Voelpel et al., (2006) add that the theory is static and does not recognize external environment which makes it focus more on the internal environment. This according to Othman (2008) leads to measures that are not realistic (Ratnaningrum et al., 2019).

Previous studies on the BSC application in Public Secondary Schools found a weak relationship between financial perspective and organizational performance while customer

perspective influenced organizational performance (Mutai, 2019). An observation by Gichobi and Njuguna (2022) indicates how most organizations are underperforming as the BSC implementation has remained low. This assertion is confirmed by previous study by Muli (2016) who added that BSC was not effectively implemented among SMEs in Nairobi to improve performance (Gichobi & Njuguna, 2022).

The study used the balance scorecard to analyze the dependent variable-organizational performance having been used previously in public secondary schools and MFIs in Nairobi City County. The theory also enable the understanding of how deposit taking risk management strategies have incorporated the BSC model and organizational performance in actionable activities capable of enhancing performance. The BSC financial perspectives such as total deposits, gross loans and asset growth were used in the construction of conceptual framework.

2.2.2 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.

House (1971) reinforced contingency theory through its path-goal theory where situational moderators were included in the contingency theory while basing his work on Vroom's (1964) theory.

The theory has been found to be effective in the determination of leadership styles in different situations. However, contingency theory has failed to explain way some leaders are more effective than others in handling some situations. It is also noted that the theory is more concerned with relationship which may lead to the failure in task performance (Shala et al., 2021). Additionally, the theory of contingency has proved to be one of the most reliable in leadership decision making (Suharyanto & Lestari, 2020). However, a report by Xiao and Wanxin (2021) indicate that even though contingency variables have been tested empirically which helps in advancing the theory, it has failed in explaining why some organizations may choose passive adoption of the disciplined structure. Researchers

have also suggested that it is difficult to unify contingency variables into theory due to their diversity (Donaldson, 2001).

The study used contingency theory to analyze the independent variable- risk management strategies that organizations use based on environmental conditions and management perspectives of risks. For instance, determine circumstances where management of Deposit Taking Saccos opt for risk transfer, risk reduction, retention and risk avoidance. The theory also help in the understanding of management perspective based on their leadership orientation that determines the risk strategy adopted. The theory aids in the construction of conceptual framework where different risk management strategies was incorporated to determine organizational performance.

2.2.3 Enterprise Risk Management Theory

The Theory was proposed by Commission 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, Alvinussen 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).

The conceptualization of ERM has been proposed by Ajupov et al., (2019); regression, utility and diversification. The regression concept however, gained attention during the XIV century where different situations were used in regression functions with calculation based on risks probability and prediction of fluctuations in business cycles. Diversification concept advanced by Markowitz (1952) shows how organizations may intelligently allocate investments aimed at minimizing any chance of deviating from expected return. Organizations are motivated to pursue ERM due to the likelihood of financial distress, low performance, and board independence and growth opportunities. ERM may also be used as a competitive advantage to support the growth of the firm (Blanco-mesa et al., 2019). Despite the growing popularity of the theory and its adoption across organizations, there is lack of consensus on the usefulness of the theory (Kanu, 2021).

Enterprise risk management theory was used to analyse the independent variable- risk management strategies to determine how Deposit Taking Saccos have incorporated the

strategies to enhance their performance. Following the different definitions of the ERM, this study considered ERM advanced by COSO (2016) on how it can be used in risk reduction strategic decision making.

2.3 Empirical Literature Review

2.3.1 Risk Avoidance and Performance

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.

Ochola et al (2022) purposed to investigate risk avoidance strategies devolved county government's performance through a correlational research where all 47 counties with 423 respondents were involved. The study used Cochran (1963) sample formula to identify 381 respondents. Primary data was gathered via questionnaire. The findings showed that risk avoidance lead to the adoption of business strategies, investment practices and information security which resulted to enhanced performance of the country governments. It was found that 27.4% of risk avoidance led to variation of performance. The study focused on county

government and discovered that risk avoidance had a significant positive impact on its success. This research examined a different target population of Deposit Taking Savings and Credit Cooperatives, which could yield different results.

An investigation by Biira et al. (2021) used descriptive research that targeted 100 employees of Total Uganda Limited to establish how risk avoidance affected performance. The findings showed that Total Uganda Limited adhered to strict management policies where informed decision making helped in risk avoidance. The study found that the organization continuously trained its staff on risk avoidance through webinars and departmental meetings. It was established that risk avoidance had positive and moderate significant relationship with performance of Total Uganda. Regression analysis revealed a beneficial and substantial effect of risk avoidance on organizational success. The study being a case study there was the findings had a limited generalization into other organizations. The current study pursued DT-SACCOs in Kiambu County and collected primary data from multiple organizations thereby provide opportunity for generalization of the findings.

Kamunya (2021) assessed risk avoidance by examining the withdrawal of risky elements, the elimination of uncertainties, and the avoidance of risky projects to determine how these factors influenced NGO project performance. A descriptive research design was employed, focusing on 1,252 projects. Stratified sampling was utilized to categorize the population into five groups, while the Yamane sampling formula was applied to calculate a sample size of 338. Data was collected using questionnaires, and pilot studies, along with validity and reliability tests, were conducted to enhance the research instrument through content validity checks. Descriptive and inferential statistics were utilized for primary data

analysis. The findings indicated that the risk avoidance strategies implemented by NGOs effectively helped in steering clear of risky aspects of their projects, and systems were established to mitigate risks. The study targeted non-governmental organizations involved in various initiatives in Nairobi City County. Although this study centered on non-profit NGOs and reported a significant effect on project performance, the current research included profit-making organizations to determine whether there was a significant impact on organizational performance.

Ondu (2020) utilized a descriptive survey design targeting 63 employees from Nakuru County Saccos to investigate the relationship between risk avoidance and performance. Primary data was collected through questionnaires. The study's findings revealed a positive and significant correlation between risk avoidance and Sacco performance, concluding that risk avoidance contributed to the profitability of the Saccos. However, this study had a small sample size of 63 respondents. The current research involved a larger number of respondents to enhance the findings.

2.3.2 Risk Reduction and Organizational Performance

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.

Ahmed et al. (2019) assessed how risk reduction determined Somalian SMEs financial performance. The study employed cross-sectional survey which targeted a total of 2,657 SMEs to identify 34 respondents. The findings revealed risk reduction strategies significantly affect the organizational performance of SMEs. The study used a different target population of SMEs in Somalia and identified a sample size of 34 with findings of significant effect on organizational performance. The current study deviated from SMEs by targeting DT Saccos. The study was also based in Kiambu county and enhance the

sample size above 34 to establish if there is any significant effect where there is a change in the target population, the location and high sample size.

Chepkwony (2018) targeted a population of 100 staff from Kisumu County's Stima Sacco to analyze how risk reduction impacted credit recovery. Census sampling approach was employed to obtain a sample of 60 responders. Quantitative analysis and descriptive statistics with the aid of SPSS software was employed to analyze data. The findings suggested that risk reduction techniques enabled the Sacco to reduce both financial and operating risk by withdrawing from risky investments that resulted from diversification. The study was conducted on Stima Sacco in Kisumu which made it a case study thereby limiting generalization into other organizations. The current study incorporated multiple organizations to allow generalization of the findings into other organizations.

2.3.3 Risk Transfer and Organizational 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.

Odhiambo and Senelwa (2021) adopted correlational research design using managers from 93 NGOs to establish how health projects' sustainability was influenced by risk transfer. The findings showed that organizations were involved in outsourcing of functions to reduce project delays. The study used a different dependent variable-project sustainability of health projects NGOs from South Nyanza. The current study considered organizational performance from DT Saccos based in Kiambu County.

Musyoka (2019) considered descriptive research design with 55 selected licensed Deposit Taking Saccos in Kiambu County to analyse performance using risk transfer strategies. With purposive sampling, a sample size of 110 respondents consisting of managerial employees in credit department were selected. The findings of the study revealed that Saccos under study adopted various risk transfer strategies such as credit guarantors, following up on defaulted loans through debt collectors, auctioning of collateral properties, insuring loans and creating allowance for negotiating on flexible payment plan with customers. The study worked with 55 licensed Deposit Taking Saccos that included Saccos with registered head office and branch locations in Kiambu County. The current study incorporated only Saccos with registered head office in Kiambu County.

Lambaino et al. (2018) measured risk transfer in terms of subcontracting, insurance, outsourcing, joint ventures, partnership and hedging targeting 87 oil marketing firms that were registered by the Energy and Petroleum Ministry. The study used 10 respondents in pilot study which were excluded in the final study thus having a final population of 77 firms. Questionnaire was used in data collection while multiple linear regression aided the analysis of primary data. It was found that risk transfer had significant effect on supply chain tenacity of Petroleum industry in Kenya. This study had a different dependent variable- resilience of supply chain within the petroleum industry. The current study dependent variable was organizational performance within the financial industry.

2.3.4 Risk Retention and 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.

Muchame and Ondu (2020) incorporated simple random sampling to analyse the influence of Sacco performance through risk retention. The research demonstrated that risk retention positively impacted the success of Saccos, concluding that it was a crucial factor in their success. It was revealed that there were staff members who were not competent enough to help in determining when to retain the risk and when to transfer. The study was done in a different location, Nakuru County with a sample of 63. The current study raised the sample size and was located in Kiambu County hence may produce a different result.

Shah and Shetty (2018) analysed risk retention position using annual reports of two Indian insurance companies with results that insurance companies were retaining risk instead of passing to reinsurer for purposes of boosting their performance. This study did not use primary data to validate the findings. It also considered two organizations for purposes of making comparisons. The current study was a comparative study and was based in Kenya. The research also considered primary data collection to validate the findings.

2.4 Summary of Literature Reviewed and Research Gaps

Table 2.1 Summary of Literature Reviewed and Research Gaps

Author(s)	Study Objective(s)	Key Findings	Research Gaps	Focus of Current Study
Chepkurui (2022)	To establish effect of risk transfer strategies employed by commercial banks to improve on performance.	Risk transfer has a positive and statistically significant impact on the success of financial institutions.	Targeted Financial institutions	The present research concentrated on DT-SACCOs.
Mumassaba, et al. (2022)	To assess the impacts of risk avoidance strategies on the competitiveness of Kenyan SMEs	Risk avoidance has significant influence on competitiveness of the SMEs.	Targeted SMEs, a different population	The study targeted Deposit Taking Saccos.
Ochola et al. (2022)	The impacts of risk avoidance on the success of county governments in Kenya.	County governments have adopted business strategies, investment practices and information security to avoid risk resulting to increased performance. Risk avoidance has positive and significant effect on devolved government's performance.	No indication of sampling technique.	Highlighted the sampling technique that was used to identify respondents.
Oladunni and Okonwo (2022)	Impact of risk retention on claims management of	Rik retention ratio has a significant effect on	Considered ex-post facto research design.	Used explanatory and descriptive research design.

	Nigerian insurance corporations.	reinsurer-insurer claims.		
Biira et al. (2021)	Risk avoidance strategies and success of Total Uganda Ltd.	Risk avoidance has a favorable and substantial correlation with the success of Total Uganda Limited.	Case study Limits generalization of the findings to other organizations Different geographical location.	Involved multiple organizations hence allowed generalization of the findings. was done in Kiambu County
Kamunya (2021)	Risk avoidance strategies and success of projects in non-governmental organizations in Nairobi City County, Kenya.	Risk avoidance was seen to have a positive and significant effect on the achievement of projects.	Dependent variable was project performance. The population consisted of NGOs in Nairobi.	To focus on organizational performance. To target DT-SACCo in Kiambu County.
Muchiri (2021)	To examine the impact of risk reduction strategies adopted by Kirinyaga Saccos to improve their competitiveness.	Risk reduction strategies has a positive and significant effect on financial competitiveness of Saccos.	Was a census study, used top management and identified 23 DT Saccos. Done in Kirinyaga	Used census and top management but was done in a different geographic location.
Nwosi & Imegi (2021)	To investigate the effect of risk transfer on performing loan portfolio of commercial banks.	Risk transfer had negative significant effect on performing loan portfolio of the bank.	The study relied on panel data which could be subject to change. Was done in Nigeria	The study relied on primary data and was done in Kenya.
Odhiambo and Senelwa (2021)	The effect of project risk transfer strategy on project sustainability of NGO healthcare projects in South Nyanza, Kenya.	There is a positive and significant effect of risk transfer on project sustainability.	Project sustainability was the dependent variable. Targeted NGOs in South Nyanza.	Used organizational performance as the dependent variable.
Jaber (2020)	The impact of risk reduction	Risk reduction has a statistical	Purposive sampling was	To incorporate random sampling

	practices on organizational performance: Jordanian Insurance Companies field study	effect on organizational performance.	used that may have introduced sampling biasness	thereby reduce sampling biasness.
Muchame & Ondu(2020)	To evaluate the influence of risk retention on success of Saccos in the Nakuru County.	Risk retention has a positive influence on success of Saccos.	Different geographical location.	Was done in Nakuru County.
Ondu (2020)	To assess the impact of risk avoidance on the success of Saccos.	A favorable and strong correlation exists between risk avoidance and Sacco success.	The research employed survey design.	The research employed explanatory and descriptive research design.
Ahmed et al. (2019)	To establish the impacts of risk reduction on financial success of SMEs in Hirshabolle State in Somalia	Risk reduction strategies have significant impact on financial performance of SMEs.	The study was conducted on SMEs in Somalia. Used a small sample of 34	The research was undertaken in Kiambu County, Kenya Increased the sample size above 34
Musyoka (2019)	To ascertain the effects of risk transfer mechanisms on the success of SACCOs in Kiambu County.	Risk transfer strategies employed by Saccos contributed to their improved performance	Used a sample size of 55 DT Saccos that included DT Sacco branches and headquarters.	Considered only DT Saccos with registered head office.
Chepkwony (2018)	Impact of risk reduction strategies on credit recovery of Stima Sacco.	Risk reduction techniques enable Saccos to reduce both financial and operating.	The case study was done at Stima Sacco in Kisumu with 60 staff	Increased the number of Saccos for generalization. Raise the sample size.
Lambaino et al.(2018)	Risk transfer strategies and supply chain resilience in the Petroleum	There is a significant effect of risk transfer on supply chain resilient of	Used resilient as a dependent variable. Targeted supply chain within	Considered organizational performance.

	industry in Kenya.	Petroleum industry in Kenya.	petroleum industry.	
Shah and Shetty (2018)	Analysis of the risk retention position of life insurance corporation of India (LIC) and SBI Life Insurance Company.	LIC Life Insurance and SBI are retaining risk for purposes of enhancing their performance.	Did not incorporate primary data.	Considered the use of primary data to validate the findings. Was not a comparative study.

Research (2024)

2.5 Conceptual Framework

The conceptual framework in the study was developed based on the literature review within the various study concepts as indicated in Figure 2.1.

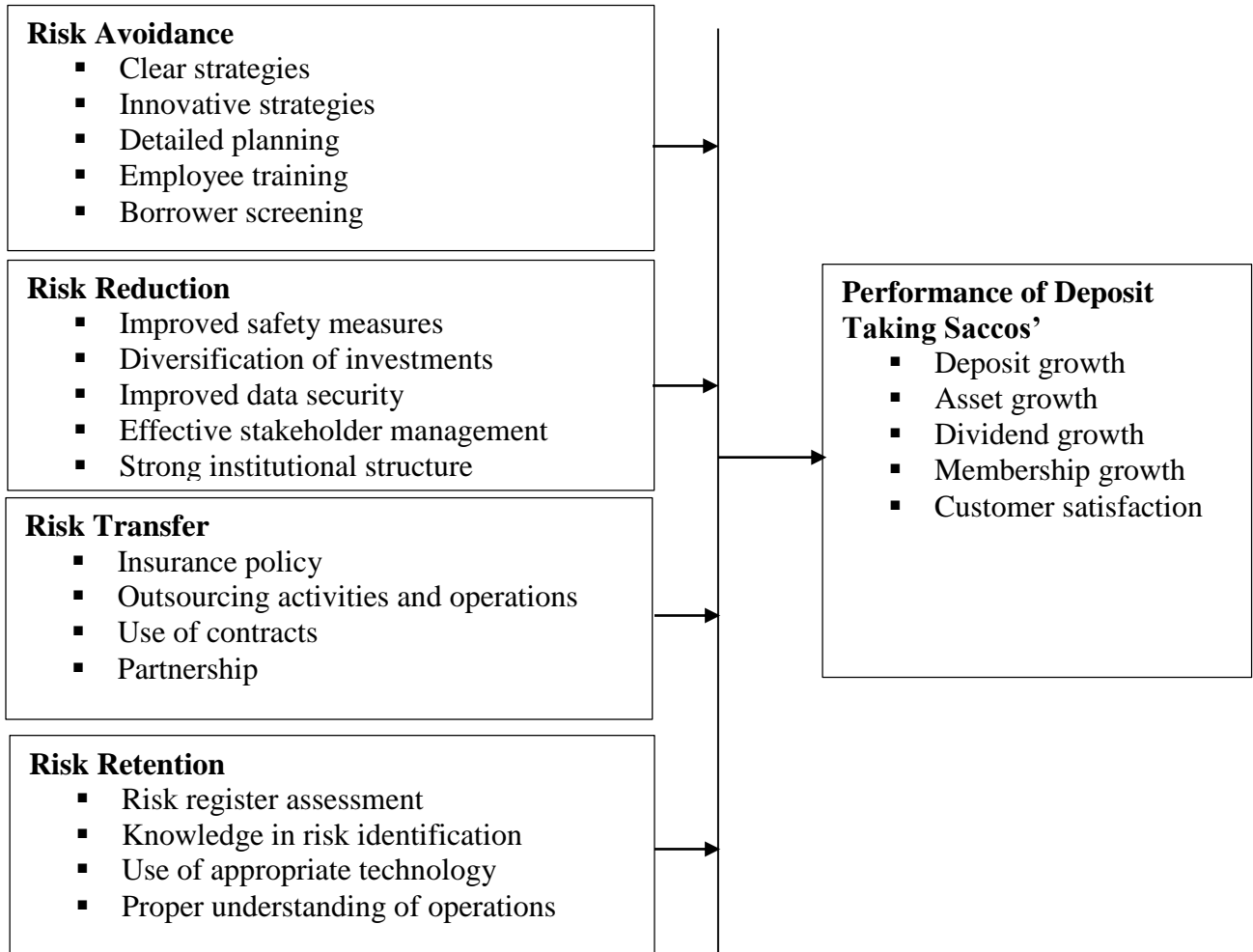


Figure 2.1: Conceptual Framework

Research (2024)

From Figure 2.1, the study's independent variable- risk management strategies was conceptualized into; avoidance, reduction, transfer and retention. Risk avoidance independent variable is operationalized into; clear strategies, detailed planning, employee training, and borrower screening and innovative strategies. For the risk retention, the study

operationalizes the variable using; improved safety measures by the organization, diversification of investments, effective stakeholder management, improvements in data security and strong institutional structure. Equally, risk transfer has been operationalized through insurance policy measurement, outsourcing of operations and activities, use of contracts and incorporation of partnerships. The last independent variable- risk retention was operationalized through; risk register assessment, proper understanding of operations, use of appropriate technology, and knowledge in risk identification. The dependent variable organizational performance was conceptualized through, deposit mobilization, member satisfaction, asset growth, dividend growth and growth in members.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter encompasses the research plan, targeted demographic, sampling strategy and size, data gathering tools, pilot study, data gathering methodology, data processing and display, along with ethical concerns.

3.2 Research Design

The overall plan, strategy and a framework that connects research problem with empirical investigation is the research design (Boru, 2018). The study used explanatory and descriptive research to explain and describe a phenomena and provide answers as to why and how things happen the way they do, determining the causes and investigating relationships. The design was used as it was considered suitable based on its flexibility in incorporating different research designs such as descriptive for more description of phenomenon.

3.3 Target Population

All individuals the study wishes to investigate to draw some reference constitute the target population which should have boundaries to clearly distinguish any sub-population. The population of interest should be inclusive to enable the collection of adequate data and be exclusive to avoid the inclusion of non-representative participants (Casteel & Bridier, 2021).

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. The advantage of purposive sampling is that it allows generalization of the findings depending with the study objectives. Table 3.1 presents the target population (Sharma, 2017).

Table 3.1: Target Population

No	DT Sacco	Heads of Department	Population %
1	Ammar Sacco	9	7.14%
2	Azima DT Sacco	9	7.14%
3	Dimkes DT	9	7.14%
4	Fariji Sacco	9	7.14%
5	GDC Sacco	9	7.14%
6	Good Faith	9	7.14%
7	Fundilima Sacco	9	7.14%
8	Jacaranda Sacco	9	7.14%
9	Joinas Sacco	9	7.14%
10	Kingdom Sacco	9	7.14%
11	K-Unity Sacco	9	7.14%
12	NRS Sacco	9	7.14%
13	Orient Sacco	9	7.14%
14	Tai Sacco	9	7.14%
Total		126	100.00

Source: SASRA (2024)

3.5 Data Collection Instrument

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.

3.6 Pilot Study

Nairobi City County is where the pilot study was done due to its closeness to Kiambu County and similarity with the main study. A total of 10% of the study sample was randomly selected translating to two DT Saccos with 13 respondents (Ullah et al., 2023). The findings were used to enhance the instrument's reliability, understand ethical issues, provide warning, identify weakness and enhance quality of the instrument.

3.7 Validity and Reliability of the Research Instrument

This research utilized validity to evaluate the instrument's extent in measuring intended purpose while reliability was used analyse the accuracy of the tool in producing similar findings.

3.7.1 Validity of the Research Instrument

Content validity aided in measuring whether the instrument covers all the study concepts according to the objective of the study (Feng & Yamat, 2019). Face validity was adopted to measure the relevancy and clarity of the instrument (Oluwatayo, 2012), enabling an evaluation of the structure of the instrument, its comprehension, readability and

attractiveness. Construct validity was used to measure the concept intended where participants selected consisted of the study's interest (Surucu & Maslakci, 2020).

3.7.2 Reliability of the Instrument

Cronbach alpha was utilized to quantify reliability of the instrument (Whitley, 2002; Robinson, 2009) where values ranging between 0 and 1 (Surucu & Maslakci, 2020) with a threshold of reliability score of 0.7 and above was considered acceptable (Heale & Twycross, 2015). The results are displayed in Table 3.2.

Table 3.2: Reliability Test Results

Variable	Chronbach α-value	Remarks
Risk avoidance strategy	0.801	Reliable
Risk reduction strategy	0.715	Reliable
Risk transfer strategy	0.779	Reliable
Risk retention strategy	0.709	Reliable
Performance	0.791	Reliable
Aggregate score	0.759	Reliable

Pilot Study (2025)

The results in Table 3.2 indicate that the questionnaire items were reliable since that aggregate score was above 0.7 at 0.759.

3.8 Data Collection Procedure

Prior to initiating the data gathering process, the researcher got an introductory letter from the Kenyatta University Graduate School and a research license from NACOSTI. The researcher obtained authorization from the leadership within the SACCOs and subsequently schedule appointments for the return visit to complete the questionnaire. On the designated day, the researcher visited the SACCOs to engage with the respondents,

elucidating the purpose of the research, addressing confidentiality concerns, and outlining the utilization of the data collected. The participants completed the questionnaire, after which the researcher promptly gathered the responses. The data gathering procedure was finalized within three weeks.

3.9 Data Analysis and Presentation

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;

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

Y - Performance of Deposit Taking Saccos

X₁ - Risk Avoidance

X₂ - Risk Reduction

X₃ - Risk Transfer

X₄ - Risk Retention,

$\beta_1, \beta_2, \beta_3, \beta_4$ parameters

3.10 Ethical Considerations

Ethics entails moral principles that guide the conduct of a researcher and research stakeholders. It also defines what is right and wrong and what researcher is expected to do

throughout the research study by taking responsibility of actions. The study treated respondents with respect regardless of sex, religion or belief. Voluntary participation was used to ensure all respondents willingly participate without any coercion. Data protection Act was observed such as remaining anonymous hence avoided disclosing respondents' details. The study provided a copy of the findings to participants, published online and participated in conferences and workshops to share knowledge (Mirza et al., 2023).

CHAPTER FOUR

DATA ANALYSIS RESULTS, DISCUSSION AND INTERPRETATION

4.1 Introduction

This section outlines the research findings, structured into sub-sections according to the research objectives. The subsections encompass the response rate, demographic details of the participants, results of the descriptive analysis, and outcomes of the inferential statistics.

4.2 Response Rate

The response rate was calculated from a total of 126 heads of departments. The results are unveiled in Table 4.1.

Table 4.1 Response Rate

Category	Frequency	Percentage
Response	119	94.4
Non – response	7	5.6
Total	126	100

Survey Data (2025)

Table 4.1 indicate that the study attained a response rate of 94.4%. This figure is 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 satisfactory for justifying analysis.

4.3 Respondents' Demographic Information

The research aimed to ascertain the demographic characteristics of the respondents concerning gender, educational attainment, and professional experience. The results are delineated as follows:

4.3.1 Gender

The findings regarding the gender representation of the respondents in the study are illustrated in Figure 4.1.

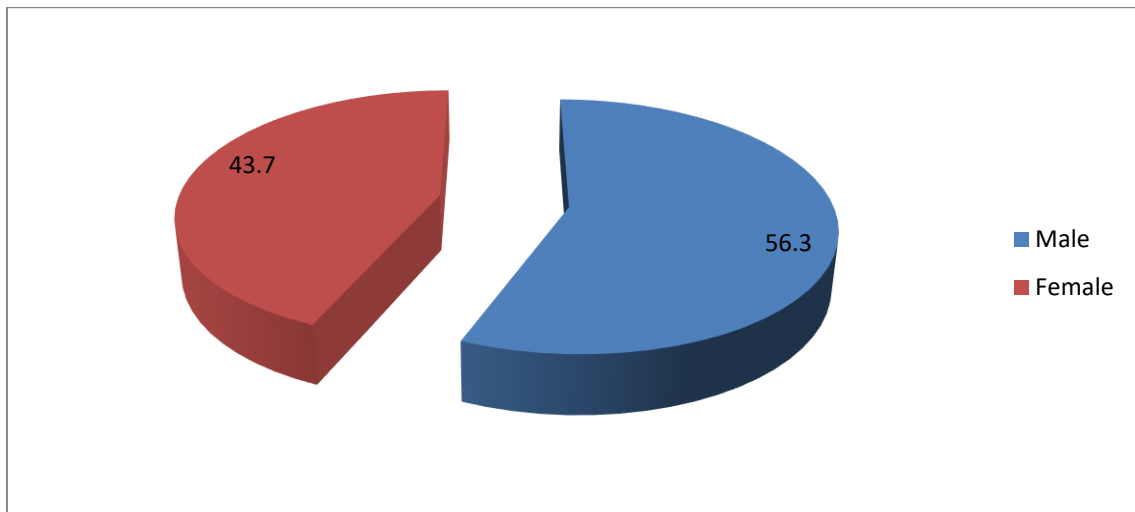


Figure 4.1 Respondents' Gender

Survey Data (2025)

Figure 4.2 reveal that a significant most of the respondents were male, accounting for 56.3% of the total. Conversely, female respondents made up 43.7% of the study population. These findings suggest that both genders were adequately represented in this research.

4.3.2 Education Level

The findings regarding the education level representation of the responders in the study are exhibited in Table 4.2.

Table 4.2 Educational Level

Level	Frequency	Percentage
Certificate	4	3.4
Diploma	29	24.4
Bachelor degree	65	54.6
Master	19	15.9
PhD	2	1.7
Total	119	100

Source: Survey Data (2025)

Table 4.2 indicate that most respondents held a bachelor's degree as their highest educational qualification, accounting for 54.6% of the total. In contrast, those with a PhD represented the smallest segment at 1.7%. The results also suggest that a significant number of respondents had higher level of education. Consequently, the study was able to gather credible data from participants who were knowledgeable about the effects of risk management strategies on the success of DT-SACCOs in Kiambu County, Kenya.

4.3.3 Work Experience

The findings regarding the work experience representation of the responders in the study are illustrated in Figure 4.2.

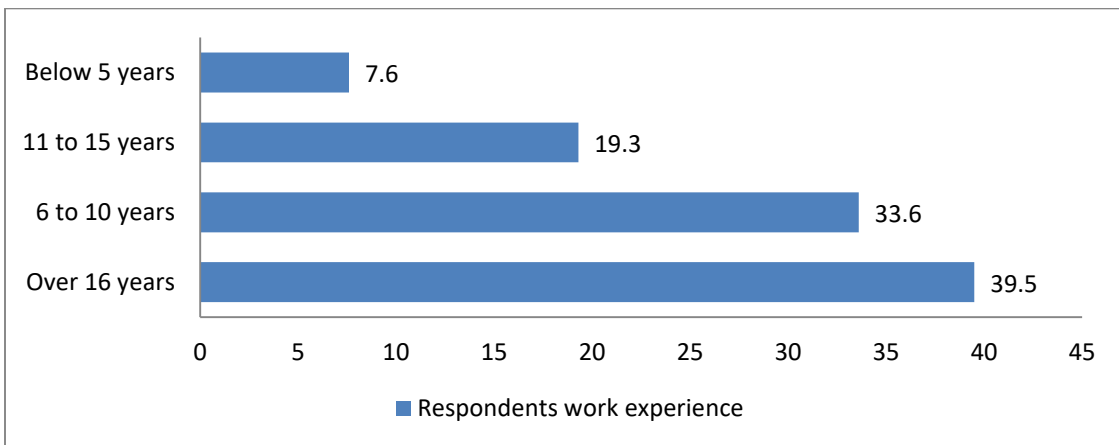


Figure 4.2: Respondents' Work Experience

Survey Data (2025)

Figure 4.2 suggests that 39.5% of the participants had been employed by the firm for a tenure exceeding 16 years. Additionally, 33.6% of responders had worked for the organization for a period spanning from 6 to 10 years, and 19.3% between 11 to 15 years and 7.6% had been with the organization for less than 5 years. This diversity in employment duration among the respondents suggests a broad range of perspectives, enabling the study to gather insights on the organization's risk management to a changing environment aimed at enhancing its performance.

4.4 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;

4.4.1 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 outcomes are exhibited in Table 4.3.

Table 4.3 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 4.3 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. To 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’

4.4.2 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 outcomes are exhibited in Table 4.4.

Table 4.4 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 mean and standard deviation	4.29	0.684

Source: Survey Data (2025)

Table 4.4 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.’

4.4.3 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

outcomes are exhibited in Table 4.5.

Table 4.5 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

Survey Data (2025)

Table 4.5 implies 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.’

4.4.4 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 4.6.

Table 4.6 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

Survey Data (2025)

Table 4.6 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 strategies 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.’

4.4.5 Performance of Deposit Taking Saccos’

This section includes findings on respondents' perceptions on the success of DT-SACCOs in Kiambu County, Kenya. The outcomes of the descriptive statistics are displayed in Table 4.7.

Table 4.7: 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 4.7 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.

4.6 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:

4.6.1 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 4.8.

Table 4.8 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 4.8 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.

4.6.2 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 4.9.

Table 4.9 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 4.9 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 important.

4.6.3 Analysis of 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 4.10.

Table 4.10: Analysis of 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 4.10 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.

The established regression equation was as follows;

$$\text{Organizational performance} = 0.603 + 0.785(\text{risk avoidance}) + 0.774(\text{risk reduction}) + 0.796(\text{risk transfer}) + 0.751(\text{risk retention}) + \varepsilon$$

The outcomes also implies that risk avoidance had a favourable significant influence on

the success of DT-SACCOs in Kiambu County, Kenya ($\beta=0.0311$, $p=0.002$). 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 avoidance 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 demonstrated by beta- value of 0.0405 and a substantial 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 favourable and significant connection with the success of DT-SACCOs in Kiambu County, Kenya ($\beta=0.0297$, $p=0.002$). This finding implies that the implementation of effective risk transfer strategies is likely to improve 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 ($\beta=0.0506$, $p=0.004$). 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.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings, conclusions, policy and practice recommendations, and propositions for additional research.

5.2 Summary

The main goal of this research was to assess the influence of risk management strategies on the success of DT-SACCOs in Kiambu County, Kenya. The research gathered primary data through survey forms, and the data was analyzed utilizing descriptive and inferential statistics. The following is an overview of summarized findings;

The research sought to examine how risk avoidance strategies impact the success of DT-SACCOs in the County of Kiambu, Kenya. The risk avoidance strategies were found to have a positive significant impact on the success of DT-SACCOs in the County of Kiambu, Kenya. The organization had implemented innovative strategies in risk avoidance and their organization practices employee training to avoid risky contracts, clear strategies that guided its relationship with customers and that it undertook a detailed planning prior to implementing strategies.

The research sought to ascertain the influence of risk reduction strategies on the success of DT-SACCOs in the County of Kiambu, Kenya. The research revealed that risk reduction strategies importantly enhanced the success of DT-SACCOs in Kiambu County, Kenya. The organization has strengthened operational safety by implementing enhanced protocols to create a safer environment for employees and clients. It has also diversified its

investment portfolio as a strategic risk management approach, promoting a balanced financial structure. Additionally, the organization actively engages with stakeholders to foster communication and collaboration in identifying and mitigating potential risks.

The research intended to ascertain the effect of risk transfer strategies on the success of DT-SACCOs in the County of Kiambu, Kenya. The research identified a substantial positive correlation between risk transfer strategy and success. All organizational assets have been insured, and the organization employs outsourcing for ICT services to mitigate data loss. Additionally, the organization engages in legally contracting services and has ensured that all credit products are covered by insurance.

The study sought to assess how risk retention strategies affect the effectiveness of DT-SACCOs in the County of Kiambu, Kenya and found that risk retention strategy had a favourable significant influence on the effectiveness of DT-SACCOs in the County of Kiambu, Kenya. Regular assessments of risk registration were conducted, which facilitated risk retention. The organization maintained a well-defined risk retention procedure, and the bank was cognizant of the consequences associated with the risks it had identified and chosen to retain.

5.3 Conclusions of the Study

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.

5.4 Recommendations of the Study

The research recommends 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 recommends 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 recommends 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 recommends 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.

5.5 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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APPENDICES

Appendix I: Researcher's Letter of Introduction

To the Head of the Facility,

Dear Sir/Madam,

REF: REQUEST FOR VOLUNTARY PARTICIPATION IN THE RESEARCH

I am a student at Kenyatta University pursuing a post-graduate study in Masters of Business Administration, Strategic Management Option. I am currently undertaking a study entitled; **“Risk Management Strategies and Organizational Performance of Deposit Taking Saccos in Kiambu County, Kenya”**

The research findings may be used in making recommendations for policy and practice to enhance organizational performance of DT Saccos in Kiambu County.

I am kindly requesting your voluntary participation to enable the collection of data to support the completion of my study. Any information provided will be used for purposes of academic only.

Your voluntary participation is highly appreciated.

Thank you.

Yours faithfully,

Doris Kagendo Murungi
D53/OL/CTY/25610/2015

Appendix II: Research Questionnaire

Instruction

- Please share your opinion as honestly as possible as it matters in this study.
- There are no right or wrong answers.
- The response will take you 10 minutes to complete

Section A: Demographic Information

Please share your opinion by way of ticking (√) any one of the following choices

Gender Male [] Female []

Age

25-35 [] 36-40 []

41-45 [] Over 45 []

Education Level

Certificate [] Diploma []

Bachelor degrees [] Master []

PhD []

Experience

Below 5 years [] 6-10 years []

11-15 years [] Over 16 years []

Section B: Risk Avoidance

Please provide answers to the guiding questions according to your opinion where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

Item	Statement	1=SD	2=D	3=N	4=A	5=SA
Rik Avoidance						
	My organization has clear strategies that guides its relationship with customers.					
	My organization has implemented innovative strategies in risk avoidance.					
	My organization undertakes a detailed planning prior to implementing strategies.					

My organization practices employee training to avoid risky contracts.					
We practice borrower screening prior to granting any products or services.					

What other risk avoidance strategies does our SACCO use to improve performance? _____

Section C: Risk Reduction

Risk Reduction					
There are improved safety measures in my organization.					
There is diversification of investments that has helped in risk management.					
My organization has improved in data security.					
My organization has put in place strong structure to reduce any potential risk.					
My organization is managing its stakeholders for risk reduction.					

What other risk reduction strategies does our SACCO use to improve performance? _____

Section D: Risk Transfer

Item	Statement	1=SD	2=D	3=N	4=A	5=SA
Risk Transfer						
	All organizational assets are insured.					
	Due to insurance, my organization has reduced the risk of losing funds.					
	My organization practices outsourcing of ICT					

to reduce data losses.					
My organization engages in operational outsourcing in marketing and strategy.					
My organization engages in the practice of legal contracting of services.					
The DT Sacco has enhanced the use of asset-backed securities in loan provision.					
My organization has insured all credit products.					

What other risk transfer strategies does our SACCO use to enhance performance?

Section E: Risk Retention

Risk Retention					
There is regular risk registration assessment that helps in risk retention.					
The bank is aware of risks consequences that it has identified and retained.					
The bank uses appropriate technology in the retention of risk.					
There is proper understanding of operations in risk retention					
The organization is ready to cope with risk when it arises.					
The organization has a clear risk retention procedure.					
My DT Sacco recognizes the volatile, dynamic and risky environment in its industry.					

What other risk retention strategies does our SACCO use to enhance performance?

Section F: Performance of Deposit Taking Saccos

Item	Statement	1=SD	2=D	3=N	4=A	5=SA
	Because of our risk management strategies put in place by my organization, there is improved asset growth.					
	Total assets have increased in the last three years in my organization.					
	Risk management strategies has enhanced my organization's total deposits					
	My organization has experienced increased customer satisfaction in the last three years.					
	My organization has recorded improved dividend growth.					

How has risk management strategies influenced the performance of your organization?

THANK YOU

Appendix III: Research Authorization letter from Graduate School



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: REF: D53/CTY /OL/26510/2015

DATE: 22nd November, 2024

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR DORIS KAGENDO MURUNGI. NO.
REF: D53/CTY /OL/26510/2015

I write to introduce who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the Department of Business Administration.

Doris intends to conduct research for a M.B.A Project Proposal entitled, "Risk Management Strategies and Organizational Performance of Deposit Taking Saccos in Kiambu County, Kenya."

Any assistance given will be highly appreciated.

Yours faithfully,

PROF. ELIUD NJAGI
EXECUTIVE DEAN, GRADUATE SCHOOL

AM/te

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Kenyatta University is ISO 9001:2015 Certified



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Appendix IV: Approval of Research Letter from Graduate School



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Executive Dean, Graduate School

DATE: 22nd November, 2024

TO: Doris Kagendo Murungi
C/o Business Administration Dept.

REF: D53/CTY /OL/26510/2015

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 15th November, 2024 approved your Research Project Proposal for the M.B.A Degree Entitled, "Risk Management Strategies and Organizational Performance of Deposit Taking Saccos in Kiambu County, Kenya."

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

ANNBELL MWANIKI
FOR: EXECUTIVE DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration.

Supervisors:

1. Dr. Anne Wambui Muchemi
C/o Department of Business Administration
Kenyatta University

AM/:




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Appendix V: Research Permit from NACOSTI

 <p>REPUBLIC OF KENYA</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
<p>RefNo: 282075</p>	<p>Date of Issue: 01/April/2025</p>
<p>RESEARCH LICENSE</p>	
	
<p>This is to Certify that Miss. DORIS KAGENDO MURUNGI of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kiambu on the topic: RISK MANAGEMENT STRATEGIES AND ORGANIZATIONAL PERFORMANCE DEPOSIT TAKING SACCOS IN KIAMBU COUNTY IN KENYA for the period ending : 01/April/2026.</p>	
<p>Applicant Identification Number 282075</p>	<p>License No: NACOSTI/P/25/417463</p> <p><i>Walter Mwangi</i> Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>

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