

## RISK MANAGEMENT PROCESSES AND FUNCTIONAL PERFORMANCE IN NON-GOVERNMENTAL ORGANISATIONS OF KENYA

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### ABSTRACT

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Given the global challenges that affect Non-Governmental Organisation (NGO) existence, managing risk is an unavoidable facet. The study investigated the effect of the Risk Management Process on functional performance among Non-Governmental Organizations (NGOs) of Kitui County in Kenya. The study sought to specifically test whether risk management processes: risk planning, risk identification, risk analysis and risk control could reliably predict functional performance. The results should assist development workers, development partners, professionals and the academia to ascertain whether risk management processes contribute to effective functional performance. A survey of 123 non-governmental organizations with 186 respondents using a multi-dimensional questionnaire established that there is a significant correlation between risk management processes and functional performance. Specifically, the findings revealed that risk identification is a predictor of NGO functional performance than any other risk processes. This study contributes to literature on functional performance of NGOs by aligning the risk management process as a significant predictor of NGO functional performance.

**Keywords:** Risk Management; Nongovernmental Organisations; Functional Performance; Kitui County; Kenya.

### INTRODUCTION

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Non-Governmental Organizations (NGOs) are contending with intensified risks and uncertainties to their survival and ultimate performance (Batti, 2014; Alger, 2017; Public Benefits Organizations Act, 2013). This is more manifest in developing countries including Kenya (Kang'ethe & Manomano, 2014; Shuria, 2014). Specifically, NGOs face various risks in the areas of finances, operations, human resources, clients/target group, and reputations (Spencer and Hyman, 2012). NGOs have to adopt organization-

wide risk management frameworks analogous to firms to ensure effective response to risks and uncertainties, aspects that may impact on performance (Ariff, Zakuan, Tajudin & Ahmad, 2014).

Managerial focus toward risk management has increased in non-profits generally lately (Bali & Uslu, 2018) but still lagging behind in the NGO sector. There is however modest theoretical work probing the impact of risk management process on NGO Performance compared to other sectors (Domanski, 2016). Most literature on risk management in non-profits focuses on project and human security with a paucity of information about NGOs globally and in Kenya specifically (Herman, Jackson & Fogarty, 2004; Scanlan & Dillon-Merrill, 2006; Tremper, 1994; Wilson-Grau, 2004; Young, 2009). Studies on NGO performance have lately also focused on internal functional, financial and project aspects (Musyula, 2014; Ramadhan and Borgovi, 2015). As the case may be, little is known about how risk is perceived by managers as well as the process followed, and what dimensions of performance are affected by risk in NGOs of Kenya.

Existing scholarly studies point to a superfluity of literature on risk management processes mainly governed by global institutions such as the Project Management Institute (PMI), the British Standards and International Organisations for Standards (ISO). But most of the frameworks focus on firms and the public sector. These frameworks highlight the same stages of risk management and risk treatments with the differences between them being a matter of detail. A focus on the PMI stages seems the most detailed. Extant information seems to indicate a close relationship between risk management and organizational performance (Thuku, 2012; Saleem & Zain-Ul-Abideen, 2012). This study sought to determine and describe the nature of relationship between the risk management process and functional performance of selected NGOs of Kenya with a particular focus on Kitui County. The study is one of the few innovations to address the gaps in the literature in developing countries and specifically in Kenya. The study attempted to contribute to the theoretical understanding of how components relate to NGO Functional Performance.

### Objectives of the Study

The main objective of the study is to assess the effect of Edumana MFB on the survival and growth of SMEs in Bida metropolis of Niger state. Specifically, it seeks to:

- i. To identify the nature of services being rendered by Edumana MFB to SMEs in Bida metropolis of Niger State.
- ii. To find out how credit facilities and other services of Edumana MFB have enhanced the survival and growth of SMEs in Bida metropolis of Niger state.
- iii. To identify challenges being encountered by SMEs in accessing credits facilities of Edumana MFB.

### Research Hypotheses

- i.  $H_0$ : there is no significant relationship between credit facilities and other services of Edumana MFB and the survival and growth of SMEs in Bida

- metropolis of Niger state.
- ii.  $H_0$ : SMEs do not encounter significant challenges in accessing credits facilities of Edumana MFB

## LITERATURE REVIEW AND OPERATIONAL DEFINITIONS

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Risk management is perceived as the strategies, methods and supporting tools to identify and control risk to an acceptable level (Alhawari et al, 2012). The risk management process involves decisions that are made to accept a known or assessed risk or the implementation of action to reduce the consequences or probability of occurrence of an adverse event (Cheng et al, 2012). At the nucleus of risk management are questions: "What can go wrong? What do you worry about? What will you do to diminish the worry? How will you pay for it? The Risk management process includes risk planning, identification, qualitative and quantitative analysis, responses/treatments and control (PMI, 2017).

Risk planning is usually the first stage of risk management and aims to define how to conduct risk management activities. Risk planning helps highlight the degree, type and visibility of risk to the organizations (PMI, 2017). For effective risk planning, stakeholders must be on board. Prior to risk planning, there must be an organizational plan (strategic and operational), and stakeholder register. Some of the methods used in risk planning include analytical techniques, expert judgment and meetings and the final output is a risk management plan (methodologies, roles and responsibilities, budgeting, and categories) (PMI, 2017). The essence of the risk management plan is to enlist risk categories in form or probability (occurrence) and impact (consequence).

Risk identification is the second step in risk management and the essence is to document which risks will affect the project as well as their characteristics (PMI, 2017). The organization will be able to know the risks and how they affect performance so as to anticipate them. Risk identification is a surrogate of risk control in the organization and risks are enlisted and those with a negative impact to organizational performance are extracted (Tchankova, 2002; Cerevon, 2007). Risk identification is an iterative process. For an effective risk identification process organizational strategic plans, all policies, and budget must be present (PMI, 2017). The risk identification process is based on a stakeholder register, documentary review and Strength Weakness Opportunities and Threat (SWOT) analysis among others. The output of the risk identification process is a risk register (list of identified risks and list of potential responses).

Risk analysis is either qualitative or quantitative (PMI, 2017; Kinch, Dey and Ogunlana, 2007). Qualitative risk analysis includes further analyzing the probability and impact of a risk on the performance of the organization (Tiusanen, 2018). The benefit to organizational performance is reducing the level of uncertainty and focus on high-priority risks. One of the tools used is risk categorization. Quantitative risk analysis

assigns a projected value (cost or time) to the risks that have already being ranked by qualitative risk analyses (PMI, 2017). Qualitative risk analysis determines the probability and impact of the risks to the project and going on to prioritize and rank them on the risk register. Quantitative risk analysis attaches value to the risk in terms of cost and time.

The PMI (2017) states that risk responses are a process of developing options and actions to enhance opportunities and to reduce threats to project objectives. The gain to organizational performance is that it helps the organization provide activities and resources budget for risk responses. The usual risk responses/treatments include: risk avoidance, risk transfer, risk mitigation, and risk acceptance. The PMI (2017) further notes that Organizations should take advantage of include exploiting, sharing, enhance and accepting as a strategy for positive risks and opportunities.

Risk control involves implementing risk response plans, tracking identified risks, monitoring residual risks, identifying new risks, and evaluating risk process effectiveness throughout the programme. Risk control assists in improving efficiency throughout the organization (PMI, 2017).

Functional Performance in NGOs has been enigmatic given the various frameworks applied (Benjamin and Misra, 2006; Carman, 2007; Fine and Snyder, 1999; and Teelken, 2008). Ramadan and Borgnovi (2015) summarize the literature on measuring organisational performance in NGOs. These include functional/organizational processes such as strategic decisions, human resources, organizational culture, leadership, communication channels, and information systems, monitoring systems and rules and procedures.

Strategic decisions are long term, complex decisions made by senior management. These decisions affect the entire direction of the organization (Thompson et al, 2017) such as being the best NGO in addressing Sexual and Gender-Based Violence. They are within the gamut of Strategic Management Theory and are risky to undertake in terms of funding, operations and beneficiaries and determine the long-term performance of the NGO.

Selznick (1957) highlights the four attributes of strategic decisions. These include developing a mission and role; making policy and aligning it with the organizational structure; defending institutional integrity; and ordering of the international conflict. Human resources in NGOs are vital for organizational performance and sustainability (Batti, 2014). This however is a grey area because there are few professionals manning the docket and that funding cycles seem to affect human resource stability. This may mean loss of well-trained staff to more long-term organizations. The risk of loss of staff tends to happened at all levels of the human resource cycle as being selection, appraisal, rewards and development (Armstrong, 2015). The board of NGOs should ensure policies though not specific to risk but address risk in other places (Spencer and Hyman, 2012).

Culture is a great determinant of the leadership styles that further influences whether leaders are willing to include lower management into performance of the organization (Thompson et al, 2014). Duke and Edet (2012) argue that organizational culture is a potent determinant of NGO performance. They draw attention to literature suggesting that (1) strong culture leads to performance, (2) high performance leads to strong culture, (3) under the right conditions, culture leads to performance, and (4) adaptive culture leads to efficiency. Koy and De Cotiis (1991) highlight that effective organizational culture constitute of autonomy; cohesion; trust; resources; support; recognition; fairness and innovation. Developing a culture of risk in NGOs starts with the Board asking about, “what is the worst that could happen?” on all dimensions of the organization. Creating a culture of risk management and quality takes time and needs to be continually revisited (Spencer and Hyman, 2012). It involves aspects such as entrenching risk in all aspects, ensuring ethical practices, ensuring accountability of performance and finances and regularly monitor and report on risk and problem indicators.

Effective NGO performance requires adept managerial leadership (Ibembe, 2008). This helps overcome pockets of resistance, build consensus, build consensus on how to proceed, secure commitment & cooperation of stakeholders and get all implementation pieces in place. Leadership styles differ accordingly: Laissez-faire (free rein) where the leader allows employees to decide but remains responsible; participatory (calls in a few to take part but retains decisions; authoritarian but also can be transactional (follows a systems of rewards for performance) or Transformational (ensures employees operate outside the box) (Northouse, 2015). The board of NGOs is required to provide leadership to management by ensuring that risks mitigation measures are addressed organization-wide.

Nebo, Nkwankwo & Okonkwo (2015) aver that effective communication to organizational staff is a panacea for sustained and increased productivity of the workforce and organizational effectiveness. According to Blazenaite (2011) communication is a proxy of organizational performance. It requires a clear communication strategy; a communication culture; management participation; develop employee competences in communication; choosing appropriate communication channels; and ensuring feedback systems. Communication with stakeholders in the risk management process is crucial at all levels in NGOs (Domanski, 2016).

Monitoring is a practices dedicated to the assessment of your NGO’s overall performance. Monitoring is a systematic and long-term process that gathers information in regards to the progress made by an implemented project (Funds for NGOs, 2013). Kusek and Rist (2004) state the monitoring should focus on inputs-output performance; progress of work (technical performance); time; cost; and unusual events or situations so as to be effective. Monitoring and course correcting in

the risk management process is premised on the fact that risks in NGO environments are ubiquitous (Domanski, 2016).

For rules and procedures to be effective, they should base on technical proficiency; stakeholder cooperation; written requirements; valid ends-means relationship; optimal controls; consistent application; and purposes understood by all stakeholders (De-hart-Davis, 2008). This would mean that risks plans are based on rules and procedures in line with organization policy.

According to Thuku (2012) risk management is a key determinant of progress in organizations and that proper a mechanism must be put in place to counter the effects of risk on operations. Saleem& Zain-UI-Abideen (2012) in their study on risk management and organizational performance note that 90% of their participants agreed to a positive relationship between the two variables however the absence of policy documents governing risks and the failure to implement them where they exist is the major impediment in Organizations. The influence of risk management process on NGO functional performance in developing country, rural, resource-limited settings is worthy investigating.

## METHODOLOGY

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The study adopts a survey research design. A total of one hundred and eighty-five The study was carried out in Kitui County, one of the 47 devolved counties in Kenya. The study used descriptive-analytical, cross-sectional survey. This enabled large and diverse amounts of data to be collected within a short timeframe and analyzed quantitatively, giving a credible presentation of results (Singleton et al 1993).

The variables of the study included risk management process, as the independent variable and NGO functional performance as the dependent variable. The scale for measuring risk management process variable was created from extensive review of existing literature. The PMBOK (2013) states that the risk management process includes risk planning, identification, qualitative and quantitative analysis, response/treatments and control. Items derived from review of literature to measure risk management were later scaled on a five point likert scale ranging from 1(strongly disagree) to 5(strongly agree). So as to measure Functional Non-Governmental Organization, the study relied on items developed by Ramdhan and Borgnovi (2015) to measure the functional tier of Non-Governmental Organization; the scale which ranges from strategic decision, HR (teams and individuals), organizational culture, leadership, communication channels, information systems, monitoring systems, and rules and procedures. The scale was modified to suit the existing study. The items were later scaled in a five point likert scale ranging from 1(strongly disagree) to 5(strongly agree).

The target population of this study was the NGOs in Kitui County. Whereas the number of civil society organizations in Kenya may be in their tens of thousands, there were

2,248 duly registered NGOs (NGO Coordination Bureau, 2018). Of these, 180 NGOs fully met the legal requirements for operation in Kitui County (NGO Coordination Bureau, 2018).

Sampling was based on simple random sampling technique to select a sample of 123 NGOs from the total population of 180 NGOs in Kitui County. The sample size was determined using the formula suggested by Yamane (1976);

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

The unit of inquiry comprised of all managers of Non-Governmental Organizations because they were deemed suitable and knowledgeable to comment on issues about functional performance the Non-Governmental Organization.

Basing on Krejcie and Morgan (1970) table, a sample of 186 managers out of 359 completed the tool and their responses were aggregated to the 123 NGOs, which formed the unit of analysis. Likert type scale questionnaires were used to collect data from respondents on the two variables. Cronbach Alpha test of reliability coefficients was used to determine the reliability of the instrument (Cronbach, 1951). According to Nunnally (1978), for an instrument to be reliable, its Cronbach must be from 0.70 and above and these were found to beyond the required threshold. The formula for finding Content Validity Index (CVI) attributed to Martuza (1977) was applied and the validity was found to be equal to 0.89 for the questionnaire making it valid, since it surpassed the benchmark suggested by Amin (2005). Data were analyzed using SPSS software (version 21). Specifically, correlations and regressions were run to determine the degree to which study variables. Regressions were used to predict variables from other predictor variables. Data were presented in form of descriptive statics such as frequency distribution tables.

## PRESENTATION OF RESULTS

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### Demographics of respondents

Most (79%) of NGOs that provided the bulk of respondents are located in Kitui Central Constituency. About 43% of respondents have worked in the NGOs for an average of 4.5 years.

### Summary of Results

From the analysis, the follow summary of results was arrived at in the Pearson correlation, hypothesis testing regression and the regression analysis in the tables below:

**Table 1: Correlation results**

SN	Variables	Mean	SD	1	2	3	4
1	NFP	4.1759	.27498	1			
2	Risk planning	4.3540	.60293	.473**	1		
3	Risk identification	4.2340	.48994	.801**	.439*	1	
4	Risk analysis	3.8950	.38995	.802**	.439**	.903**	
5	Risk response	4.5917	.67185	.495**	.353**	.690**	.835**
6	Risk control	4.2386	.37222	.864**	.458**	.901**	.946

\*\* . Correlation is significant at the 0.01 level (1-tailed). N=186

**Table 2: Results of hypothesis testing-regression**

Hypothesis	Items of hypothesis	Decision	Level of significant
H <sub>1</sub>	Risk planning is related functional NGO performance	Accepted	0.01
H <sub>2</sub>	Risk identification is related to functional NGO performance	Accepted	0.01
H <sub>3</sub>	Risk analysis influences the functional performance	Accepted	0.05
H <sub>4</sub>	Risk responses determines the functional NGO performance	Accepted	0.01
H <sub>5</sub>	Risk control positively contributes to functional NGO performance	Accepted	0.01

**Table 3: Regression results**

Model	Variable	Unstandardized Coefficients		Standardize	Model F	R <sup>2</sup>	Adj. R <sup>2</sup>	R <sup>2</sup> Change
		B	Std. Error	d Coefficients				
1	(Constant)	4.249	.184					
	NGO Existence	7.276	.009	.001	.250	.008	-.023	.008
	NGO location	.003	.032	.011				
	Tenure	-.051	.062	-.086				
2	(Constant)	3.350	.233					
	NGO Existence	.006	.008	.068	7.414	.238	.206	.230



	NGO location	-.016	.028	-.050				
	Tenure	-.058	.054	-.097				
	RP	.223	.042	.488				
3	(Constant)	2.196	.189					
	NGO Existence	.001	.005	.016				
	NGO location	-.006	.019	-.018	36.724	.661	.643	.424
	Tenure	-.027	.037	-.045				
	RP	.072	.031	.157				
	RI	.409	.038	.729				
4	(Constant)	1.971	.197					
	NGO Existence	.002	.005	.018				
	NGO location	-.004	.018	-.012	34.628	.691	.671	.029
	Tenure	-.029	.035	-.049				
	RP	.062	.030	.136				
	RI	.210	.076	.375				
	RA	.284	.095	.402				
5	(Constant)	1.718	.176					
	NGO Existence	.004	.005	.045				
	The NGO location	.000	.016	-.001	44.478	.772	.755	.081
	Tenure	-.037	.030	-.062				
	RP	.064	.026	.140				
	RI	.103	.068	.183				
	RA	.722	.113	1.024				
	RR	-.221	.039	-.540				
6	(Constant)	1.521	.187					
	NGO Existence	.002	.004	.021				
	NGO location	.005	.016	.015	42.109	.787	.769	.015
	Tenure	-.041	.029	-.069				
	RP	.051	.026	.112				
	RI	.066	.068	.118				
	RA	.304	.196	.432				
	RR	-.144	.048	-.352				
	RC	.395	.154	.534				
a. Dependent Variable: NPF								

\*\* $p < 0.01$ ,  $p < 0.05$ \*Source: N=186

### Risk Planning and NGOs Functional Performance

Correlation results in the Table 1 above shows that there is a positive and significant relationship between risk management process and functional NGO performance of Kitui County ( $r=0.473$ ;  $p < 0.01$ ). In table 3, entries on risk planning were made and the results revealed that 23% of the total variation or change in functional NGO is explained by risk planning ( $R^2=0.230$ ,  $p < 0.01$ ). These results confirm that NGO functional performance is influenced by risk planning. Therefore this implies that a positive change in risk planning leads to a positive change in NGO functional performance.

### Risk Identification and NGOs Functional Performance

Correlation results in correlation Table 1 above show that there is a positive and significant relationship between risk identification and function NGO performance in Kitui County ( $r=0.801$ ;  $p < 0.01$ ). In the regression (table 3), when we entered risk identification, the results showed that risk identification explains 44.4% of the total variation of functional NGO performance in Kitui County ( $R^2=0.424$ ,  $p < 0.01$ ). This implies that positive change in risk identification yields a positive change in NGO functional performance.

### Risk Analysis and NGO Functional Performance

Results (Table 1) indicate that there is a positive and significant relationship between risk analysis and functional NGO performance in Kitui County ( $r=0.802$ ;  $p < 0.01$ ). In table 3, when Risk Analysis was entered results showed that it contributes to 0.3% of the changes in NGO functional performance ( $R^2 = 0.029$ ;  $p < 0.05$ ). This implies that positive change in risk analysis leads to a positive change in functional NGO performance.

### Risk Responses and NGOs Functional Performance

Results displayed in the correlation Table 1 above indicate that there is a positive and significant relationship between risk response and functional NGO performance in NGOs of Kitui County ( $r=0.495$ ;  $p < 0.01$ ). In table 3, when risk response was entered as seen in Table 4.5, the results showed that risk responses contributed to 8.1% of the total variation of functional NGO performance in Kitui County ( $R^2=0.081$ ,  $p < 0.01$ ). This implies that a positive change in risk response will ultimately results in NGO functional performance.

### Risk Control Measures and NGOs Functional Performance

Correlation results on Table 1 implies that there is a positive and significant relationship between risk control and functional NGO performance of NGOs in Kitui County ( $r=0.864$ ;  $p < 0.01$ ). In table 3, Risk Control was entered and results in Table 3

above shows that found to cause 1.5% of the total change in functional NGO performance is explained by risk control ( $R^2 = 0.015$ ;  $p\text{-value} < 0.01$ ). This implies that positive change in risk control will lead to positive functional NGO performance. Risk response is the method by which firms evaluate potential losses and take action to diminish or eliminate such threats.

## DISCUSSION

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Managerial focus toward risk management has increased in non-profits generally lately including in NGOs (Bali & Uslu, 2018). NGOs have grown past being insuperable performers that attract attention, to being under scrutiny, some of which has made them vulnerable to risk in terms of funding and operations.

This study tested the relationship between four risk management elements (planning, identification, analysis and control) and NGO Functional Performance in the context of rural, resource-limited NGOs and among their managers.

This research contributes to NGO performance and risk management literature by demonstrating the importance of risk management process factors among upcountry NGOs. Most previous risk management literature is anchored in the business and project management context and a bit in the non-profits generally but not NGOs per se. A noticeable exception is by Wanyonyi (2015) who studies the influence of risk management responses on project performance in NGOs but with particular thrust on project timings and international development agencies. However, our study focuses on operational performance and the entire risk management process of NGOs.

Consistent with research underscoring that risk planning helps minimize the risk to performance (Ahmed *et al*, 2007) findings indicate that NGO functional performance is influenced by risk planning. Risk planning informs the organization about resource usage, equipment requirements, budget availability stakeholder involvement, strategic goals and schedule hence incorporating all these items improves organizational performance.

The study indicates a positive change in risk identification results in positive change in NGO functional performance. Cerevon (2007) also asserts that once risks are identified and enlisted, their negative impact to organizational performance can be managed; hence improvement in organizational performance can be realized. NGOs therefore need to continually identify risks at all times of the organizational operations.

Kinch *et al*, (2007) established that qualitative risk analysis involves analyzing the probability and impact on the performance of the organization. It also has the potential to improve organizational performance, reduce the level of uncertainty and focus on high-priority risks. In our findings too, that positive change in risk analysis leads to a positive change in functional NGO performance. Quantitative analysis helps

improve organizational performance by producing quantitative risk information to support decision making and reduce on programme uncertainty PMI (2017). Therefore, the NGOs analyze risk either quantitatively or qualitatively and this affects their functional performance.

Positive change in project risk response will ultimately results in NGO functional performance. Ahmed *et al* (2007) asserts that risks can be pro-acted to or reacted to. Risk response/risk treatment is the most important aspect of risk management in relation to organizational performance. This implies the relationship exists between risk response and functional NGO performance.

Furthermore, results indicate that risk control that positive change in risk control will lead to positive functional NGO performance. Risk response is the method by which agencies evaluate potential losses and take action to reduce or eliminate such threats. Risk control assists in improving efficiency throughout the organization performance PMI (2017).

The results clearly revealed that the risk management process positively affected functional performance of NGOs in Kitui County with a coefficient of 0.5142. The adjusted  $R^2$  was 0.5035 implying that 50.3% of the changes in NGO functional performance are accounted for in the Risk Management Processes. Consequently, researchers should be aware that risk planning is a panacea to NGO functional performance. Also, risk identification improves NGO functional performance while activities such as regular work inspection help in knowing the risk that can affect NGO functional performance. Furthermore, from the findings it emerged that: risk analysis appears to be an answer to problems of NGO functional performance. Therefore, senior NGO managers who analyze the risk probability and impact improve their performance, predict better the performance of NGOs. In addition, it emerged that risk responses can be pro-acted or reacted to in order to improve NGO functional performance. It was also realized that risk identification predicts NGO functional performance than any other risk processes. This implies that risk planning, analysis, responses and control are a part contributing to NGO functional performance. Finally, risk control has significant influence on NGO functional performance because of its enormous role in improving the organizational efficiency.

### **MANAGERIAL IMPLICATIONS**

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The study recommends that NGOs in Kitui County embrace risk planning so as to improve functional performance. This recommendation is supported by the significant relationship that exists between risk planning and NGO functional performance. For an NGO to improve functional performance, the managers should have strategic plans and adhere to them, involve all stakeholders during the planning process and be able establish its strengths, weaknesses, opportunities and threats. Secondly, so as to improve functional performance, managers in NGOs should have regular inspection at workplace for risky situations, and regularly review their work practice. Thirdly, NGOs

managers should have a clear policy on risk management that helps identify risks and their magnitude as well as mitigate them. These risks are both the internal and external to NGOs. Based on risk responses, NGO managers should avoid taking risky activities such as employing non-qualified staffs since it lowers organizational performance. NGO managers should regularly monitor risks and whenever a risk is identified to be tracked until it is resolved. Also, they should identify emerging risks and indicate lessons learned from current risks since it improves NGO functional performance. Finally, NGO managers should focus more in risk identification than any other stage in risk management process to as to improve NGO performance. There need to delineate a specific NGO risk management template given the unique management requirements in this sector.

### LIMITATIONS AND DIRECTIONS FOR FURTHER RESEARCH

The study forms the basis for further research:

Replication of this study to other parts of the world on how the actual implementation of the steps of risk management process is undertaken is vital. This could yield rich lessons for the NGO Community.

The use of mixed methods as well as qualitative inquiry may yield in-depth findings on specific components of risk processes and capture context. Qualitative, ethnographic and longitudinal studies could enrich risk management literature in unique NGO cases. NGO performance such as financial and project aspects can be investigated in line with the risk management process. Caution needs to be exercised when investigating risk management in NGO project performance as this may be pegged on project timings and may not yield instant data.

The study used a cross-sectional design; therefore, results may change with time. It is therefore recommended that future studies should consider testing this model from longitudinal view point.

The originality of this paper lies in its uniqueness for a systematic approach to quantifying the risk management processes with the view to understanding NGO functional performance in a developing country context.

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