

HUMANITARIAN RISK MITIGATION STRATEGIES ADOPTED BY  
NON-GOVERNMENTAL ORGANIZATIONS IN WEST POKOT  
COUNTY, KENYA

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## DECLARATION

I, the undersigned, declare that this Research project is my original work and that it has not been presented in any other university or institution for academic credit.

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This Research Project has been submitted for examination with my approval as university supervisor.

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## **DEDICATION**

I dedicate this work to my beloved wife, for her support and, to my daughter Melinda for her understanding .Their undying support, patience and understanding gave me strength and enabled me to focus on the agenda and work even harder.

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## ACRONYMS AND ABBREVIATIONS

<b>AIDS:</b>	Acquired Immune Deficiency Syndrome
<b>COSO:</b>	Committee of Sponsoring Organization
<b>HIV:</b>	Human Immunodeficiency Virus
<b>INGO:</b>	International Non-Governmental Organization
<b>KNBS:</b>	Kenya National Bureau of Statistics
<b>NGO:</b>	Non-Governmental Organization
<b>SRA:</b>	Short Rains Assessment

## ABSTRACT

This research project sought to identify the risk mitigation strategies adopted by humanitarian NGO's in West Pokot County. The objectives of this project were to identify the nature of risks encountered by NGO's in West Pokot County and the risk mitigation strategies adopted by these NGO's. The methodology of research entailed descriptive statistics involving a population of 21 NGO's in West Pokot County. The instrument used in the study was questionnaires with closed-ended questions as well as open ended questions which was previously pilot-tested to establish content validity. The questionnaire was sent out to the managers of these NGO's in advance. Descriptive statistics were used to analyze the cleaned data. The Study found that hazard risk was the most important risk according to the responses from NGO's. This was followed by financial risk as risks affecting achievement of organizations goals. On risk mitigations; risk avoidance, risk reduction and risk retention were the three most preferred risk mitigation strategies employed by most NGO's in their operations. In conclusion, based on the findings, it is recommended that hazard risk be looked into with a view to creating an environment with less risk to raise the effectiveness of employees, through initiatives such as financial incentives, appropriate insurance packages and additional security to employees. In order to secure funding, it was evident that more nontraditional funding sources and mechanisms have to be explored in order to operate. With respect to risk mitigation strategies, it is recommended that Integrated Risk Management Framework needs to be in place to provide a cohesive risk management process. On the part of employees, they need to know their roles, responsibilities, and their accountabilities so as to reduce risk. The right team to manage projects is core in effective implementation of projects. This will not be complete without introducing or having in place incentive measures that will motivate the employee to monitor productivity and hence reduce risk at organizational level. The findings and conclusions together with recommendations of this study will go a long way in building theory as well as knowledge base in this field, and suggests areas for further research.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Risk can be defined as the potential of losing something of value, weighed against the potential to gain something of value (Caplow, 2010). Value can be gained or lost when taking risk resulting from a given action, activity and/or inaction, foreseen or unforeseen. Every organization faces risks that are unique to their type of business, operational guidelines, technology used, people hired and organizational structure among others. The strategy of risk management and mitigation has therefore become a great part of organizational management. Several risk mitigation tools have been developed and the methods, definitions and goals vary widely according to whether the risk management method is in the context of the specific industry (Anderson & Anderson, 2007).

Theories and models of risk mitigation methods and styles have been used by scholars to explain management selection criteria and eventual effect of the strategies. The contingency theory is one such method. It is a behavioral theory which claims that there is no best way to lead, manage or to make decisions. Instead, the optimal course of action is dependent upon the internal and external situation (Lucas, 2011). The main contingency theories include the path-goal theory which identifies four types of leader behavior that include supportive, directive, achievement oriented, participative leader behavior (Holt, 2006), the normative decision model that include two types of autocratic styles, two types of consultative styles, and a group decision-making option (Koster, 2009), and the situational leadership theory which highlights four different types of

leadership behavior based on combining directive and supportive behavior which include; telling, selling, participating, and delegating (COSO, 2004). The contingency perspective contends that management strategies directly determine differences in such organizational attributes as span of control, centralization of authority, and the formalization of rules and procedures. Risk management strategies and their successes are therefore contingent on the type of leadership.

In recent years, non-governmental organizations (NGO's) committed to humanitarian activities have invested heavily in improving their professional competence and have been experiencing rapid, accelerating change (Ashta& Bush, 2009). Therefore, to be effective an NGO's strategic planning must be accompanied by risk mitigation strategies that come along with change through on-going strategic thinking, at all organizational levels. An NGO must constantly generate new risk mitigation strategies to achieve results in line with its fundamental purpose. Success will depend on the risk mitigation strategies as well as the leadership styles by continuously integrating strategic thinking and planning (Fisher, 2003).

### **1.1.1 Concept of Strategy**

Strategy is a method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem (Anderson & Anderson, 2007). In business, strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of stakeholders, based on

consideration of resources and an assessment of the internal and external environments in which the organization operates (Caplow, 2010).

Strategic management therefore is seen to provide overall direction to the organization and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Strategic management is not static in nature and often includes a feedback loop to monitor execution and inform the next round of planning (Ansoff, 2005).

When dealing with risk, Caplow (2010), states that the organizational strategy involves answering key questions regarding the nature of risk the organization is facing, how they can avoid these risks, and how to manage the risks they cannot avoid. In management theory and practice, a further distinction is often made between strategic risk management and operational risk management and risk mitigation strategies (Nichols, 2000). Risk mitigation is concerned primarily with improving efficiency, avoiding and controlling costs associated with risks within the boundaries set by the organization's strategy.

### **1.1.2 Risk Mitigation Strategies**

Risk mitigation refers to taking steps to reduce adverse effects of risks. According to Douglas (2009), there are four types of risk mitigation strategies that hold unique to organizational continuity and disaster recovery. According to the contingency theories however, it is important to develop a strategy that closely relates to and matches the organizational needs and situation.

These basic risk mitigation strategies according to Douglas (2009) include; Risk Acceptance - this strategy is a common option when the cost of other risk management options such as avoidance or limitation may outweigh the cost of the risk itself; Risk Avoidance - this is the opposite of risk acceptance. It is the action that avoids any exposure to the risk whatsoever. Risk Limitation – this is the most common risk management strategy used by businesses. The strategy limits a company’s exposure by taking some action and is a strategy employing a bit of risk acceptance along with a bit of risk avoidance or an average of both; Risk Transference is the final strategy and involves handing risk off to a willing third party. This can be beneficial for a company if a transferred risk is not a core competency of that company. It can also be used so that a company can focus more on their core competencies (Douglas, 2009).

### **1.1.3 NGO Sector in Kenya**

A non-governmental organization (NGO) is a legally constituted organization created by natural or legal persons that operates independently from any government (Ashta & Bush, 2009). International non-governmental organizations (INGO’s) have a history dating back to at least 1839 where they were important in the anti-slavery movement and the movement for women's suffrage. However, the phrase "non-governmental organization" only came into popular use with the establishment of the United Nations Organization in 1945 because of the need for the United Nations to differentiate in its Charter between participation rights for inter-governmental specialized agencies and those for international private organizations (Fisher, 2003).

Non-governmental organizations (NGO's) have become quite prominent in the field of international and national development and are typically value-based organizations which depend, in whole or in part, on charitable donations and voluntary service (Jude & Jenny, 2000). In Kenya, they are guided by the NGO co-ordination Act No 19 of 1990 which established a governmental agency and a self-regulatory agency to govern NGO's and their operations in Kenya. In the last 20 years there has been an explosive growth in their numbers. In 1993 there were 250 NGO's registered with the NGO Council of Kenya but this figure multiplied by almost a factor of 10 to over 2,000 (Central Bureau of Statistics 2003) and to well over 7,000 by 2012. According to Bezemer and Headey (2007), these organizations are assumed to increase associational life and provide civic education that enables communities to demand their rights, act as a counter-presence to keep check on government and offer humanitarian aid. NGO's work across forty eight sectors including health accounting for 15% of all stated sectors; education 13%, environment 8.8%, relief/welfare 13% and water 5.9%. Human Rights and minority groups including women's rights, children and disabled people account for 6.85% of all activity (United Nations (UN), 2007). The focus of this study will be on humanitarian NGO's.

According to the UN (2007), Humanitarian NGO's are designed to save lives, alleviate suffering, maintain and protect human dignity during and in the aftermath of emergencies. Characteristics that distinguish humanitarian NGO's from other forms of NGO's are that they are governed by the principles of humanity, neutrality, impartiality, independence and are intended to be short-term in nature (UN, 2007). Traditional responses to humanitarian crises, and the easiest to categorize as such, are material relief assistance and services (shelter, water, medicines etc.); emergency food aid (short-term

distribution and supplementary feeding programmes) and relief coordination, protection and support services (coordination, logistics and communications).

#### **1.1.4 NGO's in West Pokot County**

West Pokot County is estimated to have a surface area of 9,169 square kilometers with a population of 512,690 with a population density of 59.33 persons per square kilometer (KNBS, 2009). The county borders Uganda to the West, Trans- Nzoia and Elgeyo - Marakwet to the South, Turkana to the North East and Baringo to the South East. The County's poverty index level according to short rains assessment (SRA) report (2013) is estimated to be at 51 percent. The County's main livelihood is pastoralism practiced by 32.6 percent of the population, agro Pastoral by 36.8 percent and mixed farming by 30.6 percent.

The county has in the past experienced humanitarian issues ranging from armed conflicts, epidemics, food insecurity, natural disasters and other emergencies. Each humanitarian crisis are often interconnected and complex and are caused by different factors. This requires a unique response targeted towards the specific sectors affected through several national and international agencies. The humanitarian NGO's operating in West Pokot County focus on various activities ranging from food security, conflicts, capacity building, human rights, HIV & AIDS, girl child, security among others (SRA, 2013).

#### **1.2 Research Problem**

According to Douglas (2009), every organization faces risks that are unique to their type of business, operational guidelines, technology used, people hired and organizational structure among others. The strategy against risk has therefore become a great part of

organizational management. Value can be gained or lost when taking risk resulting from a given action, activity and/or inaction, foreseen or unforeseen. Strategic selection of appropriate risk mitigation strategies is therefore important in determining how successful organizations manage the risks affecting them (Douglas, 2009).

Humanitarian Non-Government organizations in West Pokot have in the recent past continued to operate within a tight budget mainly due to the recent difficult global economic environment. Donors have become more demanding, donations are down, fundraising is tougher, competition for funds is tougher and budgets have been decreasing since the 2008 economic financial crisis. The changing political conditions with the legislature seeking to control their finances as well as the County government requirements have become risks to their operations. NGO's in West Pokot County therefore have had to examine every area of their operations to identify specific risks that they can manage. Some very difficult decisions have been made, as processes and programs have been changed to mitigate against the risks.

Risk Mitigation has been studied widely with a majority of the studies available to the researcher focusing more on the financial and engineering industries. For example, Lim (2010) studied risk identification and mitigation in the supply chain department of banks in Singapore, where the study explored the moderating effect of risk attitudes of the managers on the risk response decisions. The major mitigation strategy employed was transference to third parties. Mokhopadyay (2011) studied identification, assessment and mitigation of risks in maintenance of highways in the USA. The findings resulted in six

factors that bear critical risk potential and catastrophic risk potential for maintenance and mobile operations in highways and offered mitigation strategies for the factors.

Studies conducted on NGO's mainly focus on performance dimensions in terms of their mission and purpose of existence. For instance, Asauk (2009) study on NGO's was based on the spatial dimensions of poverty in Kenya. The study showed there was no pattern between NGO activity and areas of high poverty incidence and poverty depth nationally. Radziszewski (2005) analyzed two cases of successful NGO performance Kenya, India, Poland and Kazakhstan to study why some NGO's are more successful in democracy-building than others, and whether NGO success is determined by the organization's internal structure, its funding opportunities, or the level of democratic development that exists in the state where the organization is operating. The study concluded that non-state actors, which have successfully lobbied the government on policy changes and empowered citizens, exhibit several patterns. NGO's provide local benefits that tailor to local needs and establish a firm membership base, expand membership which is a prerequisite for the NGO's large-scale agenda and allow room for non-state actors to shape political agenda. However, studies on risk mitigation strategies of NGO's in Kenya are not available to the researcher. This is the knowledge gap that this study will seek to fill. What are the risk mitigation strategies adopted by humanitarian NGO's in West Pokot County, Kenya in dealing with the inherent risks facing their operations?

### **1.3 Research Objectives**

This study addressed the following objectives

- i. To establish the nature of humanitarian risks facing NGO's in West Pokot County, Kenya.
- ii. To determine the humanitarian risk mitigation strategies adopted by NGO's in West Pokot County, Kenya.

### **1.4 Value of the Study**

Given that the NGO's are the direct link of the community to the external resources, the research is of great importance to NGO governing bodies for policy development. The study is of importance to governing authorities in identify risks that affect NGO's in Kenya, This enables the institutions make policies that will assist NGO's in future risk mitigation and management processes.

The research is of great importance to NGO managements for managerial practice purposes as well as identifying effective risks mitigation strategies and their implementation processes that will have a strong positive influence on their performance. This will enable the institutions make more informed decisions on future risk mitigation and management processes.

This study is also a source of reference material for future researchers on other related topics for theoretical building. It is also of help to other academicians who undertake the same topic in their studies and will highlight other important relationships that require further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Every NGO faces a certain amount of risk, whether it concerns their employees, their volunteers their premises, their operations or their community interests. It is therefore important to recognize the present and future risks that they may face and also to set up a disciplined strategy to try and address those risks. This chapter therefore looks at the theoretical background of risk, risk management process and finally, risk mitigation strategies.

#### **2.2 Theories Anchoring the Study**

According to Biasi (2011), risk is anything that threatens or limits the ability of a business, community or organization from achieving their mission. The loss is often considered in terms of direct financial loss, but also can be a loss in terms of credibility, future business, and loss of property or life (Frank, 2006). Regardless of the different scope of risk and uncertainty, it might result in positive or negative impact to the business operation and require proper management (Köster, 2009). When dealing with management of risks, it is important to note that leaders handle situations differently, and therefore application and successes of the risk management strategies can be dependent on the leadership management styles in the organization (Alpha, 2005) as expressed in contingency theories.

According to Committee of Sponsoring Organizations of the Trade way Commission (COSO) (2004), contingency theories are a class of behavioral theory that contends that there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others. There are three contingency theories namely the path-goal theory, normative decision model and the situational leadership theory. According to Holt (2006), the path-goal theory suggests that a leader should help elucidate the path for followers to achieve group goals. This involves employing particular behaviors in specific situations to increase follower satisfaction and motivate efforts toward task accomplishment. The theory identifies four types of leader behavior that include supportive, directive, achievement oriented, participative leader behavior, as well as two aspects of the situation, namely, follower characteristics and task characteristics (Holt, 2006). Koster (2009), explains that in situations where the task is dull or taxing, the theory predicts that supportive leadership behaviors may increase followers' interest in task accomplishment and encourage followers' expectations of a successful outcome.

The normative decision model focuses on providing prescriptions to optimize the leader's decision-making process (Maylor, 2010). The model emphasizes situational factors more than leadership behaviors. It outlines a set of five different decision-making strategies that range on a continuum from directive to participative decision making which include two types of autocratic styles, two types of consultative styles, and a group decision-making option (Koster, 2009).

The situational leadership theory proposes that leadership effectiveness depends on the leader's ability to tailor his or her behavior to the demands of the situation, namely, the subordinate's level of maturity (COSO, 2004). This theory builds on four different types of leadership behavior based on combining directive and supportive behavior, which include; telling, selling, participating, and delegating (COSO, 2004). Mun (2004) further explains that the leader's function is to continually evaluate and adapt his or her behavior to each follower's task maturity (ability) and psychological maturity (willingness) to complete the task at hand.

### **2.3 Nature of Humanitarian Risk**

Classification of risks according to their influences or nature in humanitarian work is the essential step to any risk management strategies (Ho, 2003). Humanitarian risks can be classified by the impact they might create on different business operational activities (Ho, 2003). This means that a risk can be repeatedly divided into different classes. As risks are not likely equal, based on the frequency of happening, based on level of consequences, or based on the nature of risk, there are common ways for risks to be classified (Maylor, 2010). Koster, (2009) states that humanitarian risk categorization will involve hazard risk, financial risk, operational risk and strategic risks (IRM 2002); Harvard Business Review (2011); and David &Desheng (2008).

Hazard risks are risk related to working environment, property, and natural catastrophe. Originally hazards refer to potential harms that can affect health and safety of personnel and property (IRM, 2002). Besides common hazard groups such as physical, chemical biological, mechanical and psychological which arise from workplace premises and

environment or work practices, risk can grow from uncontrollable factor like natural disasters (David &Desheng, 2008) . IRM (2002) states that it is commonly agreed to be the organizations responsibility to fix hazards. Exposure to hazards in workplace does not always result in injuries or severe health effects. However, preventing hazards from happening ensures personnel work under no pressure of being harmed.

Within the Financial sector, Saiyor (2010) studied Risk Management and Internal Control Systems in the financial sector of the Norwegian economy. Significant findings in the company revealed that risk management and internal control systems exist in the company and that these control systems are very important, effective and therefore provide adequate checks and balances. Financial risk is a broad term covering many negative risks related to financing, for instance, liquidity risk, funding risk, interest rate risk, investment risk, pricing risk, credit risk, and so on. Financial uncertainties can return as favor for one business but loss for another. For example increasing in fuel price can add to the financial statement for a company that produce or supply fuels, but this price change can create huge extra costs for a transportation agency (Havard Business Review, 2011). The consequences and the exposure extent an organization may suffer from financial risks depend on the scale of the company's financial transactions; how much of the borrowings in comparison to its business scope (CPA Australia, 2009). In addition to careful revision on business cash flow and operational forecast, management use hedging - including stocks, insurances as a method for reducing risks in operations and other investments.

Operational risks frequently are summarized as human risks, due to the discussion that the human error leads to business operations failure. However, operational risks include all risks that arise from organizations' internal activities involving people, products or services offered, (Harvard Business Review, 2011). Trivunovic, Johnson & Mathisen (2011) looked at developing an NGO corruption risk management system. Important risk assessment considerations in the study included the capacity of the NGO, the type of operation, the operational context, and whether implementation is done by the NGO itself or by a partner NGO. To manage corruption risks, it was therefore recommended to conduct a risk analysis for the specific location, sector and type of programme; strengthen NGO's' internal systems for corruption risk management; have better monitoring and whistle blowing mechanisms for both NGO's and donors; nuance donors' zero tolerance policy approach; and establish due diligence measures through NGO selection criteria. Even though Humanitarian, financial and investment businesses are most vulnerable to operational risks, other types of businesses share a common threat from this kind of risk (Frank, 2006). Some risks might be more sensational than others; however what matters is a strong and suitable management structure according to the selected operational risk methodology (CPA Australia, 2009).

Strategic risks imply the probabilities of a loss arising from a poor strategic business plan, decision, or from the inconsistent and inappropriate implementation according to the plan (Biasi, 2011). Strategic risks pose threat to earnings, capital availability and corporation's viability. Because strategic plans indicate the operation direction as well as framework, vision and objectives of an organization, the lower the probability of strategic risk stays, the stronger the organization is (Harvard Business Review, 2011). Thus, boards

of directors are focusing on how organizations identify, assess and manage their risks. Strategic risk management requires concentrations on risks to shareholder value as the ultimate goal while considering the effect of external and internal scenarios to the ability of organization to achieve its goals (Beasley & Frigo, 2008). Strategic risk management is a primary component of an enterprise risk management process.

## **2.4 Risk Mitigation Strategies**

Risk mitigation is all about understanding those risks that can impact the objectives of the organization, and taking the appropriate steps to reduce the risks to an acceptable level (Chorafas, 2008). The issue of risk mitigation strategy is very crucial and fundamental to effective risk management because it provides barriers against an accumulation of exposures inherent in ongoing business activities (Chorafas, 2008). Companies need risk mitigation strategies in order to be successful at risk management. It helps management to identify and decide which risks to avoid, control, transfer to another party such as an insurance company or which risk to tolerate, that is accepting some or all the consequences of a particular risk. Winch (2002) claims that the lower impact the risk has, the better it can be managed. He further contends that there are several factors to consider in deciding which mitigation strategy works best for the organization. These factors include cost benefit analysis of the mitigation costs versus the anticipated loss, timelines to implement and resource availability. In all cases though, the management responsibility needs to be assigned to each risk in order to ensure that it is managed.

The objectives of risk mitigation are to explore risk response strategies for the high risk items identified in the qualitative and quantitative risk analysis. The process identifies

and assigns parties to take responsibility for each risk response. It ensures that each risk requiring a response has an owner. Risk mitigation efforts may require that agencies set policies, procedures, goals, and responsibility standards. Formalizing risk mitigation throughout the organization will help establish a risk culture that should result in better cost management from planning to better allocation of project risks that align teams with consumer-oriented performance goals.

Most common strategies for risk mitigation include; avoidance, reduction, transfer and retention (Potts, 2008). If the risk is classified as bringing negative consequences to the whole project, it is of importance to review the project's aim. In other words, if the risk has significant impact on the project, the best solution is to avoid it by changing the scope of the project or, worst scenario, cancel it. The avoidance means that by looking at alternatives in the project, many risks can be eliminated. If major changes are required in the project in order to avoid risks, Darnall and Preston (2010) suggest applying known and well developed strategies instead of new ones, even if the new ones may appear to be more cost efficient. In this way, the risks can be avoided and work can proceed smoothly because strategy is less stressful to the users. Cooper *et al.* (2005) list some activities that can help to avoid potential risk such as; more detailed planning, alternative approaches, protection and safety systems, operation reviews, regular inspections, training and skills enhancement, permits to work, procedural changes, and preventive maintenance.

By having an overview over the whole project it is easy to identify problems which are causing damage. In order to reduce the level of risk, the exposed areas should be changed (Potts, 2008). This is a way of minimizing the potential risks by mitigating their

likelihood (Thomas, 2009). One way to reduce risks in a project is to add expenditures that can provide benefits in the long term. Some projects invest in guarantees or hire experts to manage high-risk activities. Those experts may find solutions that the project team has not considered (Darnall and Preston, 2010). Mitigation strategies can, according to Cooper *et al.* (2005), include: Contingency planning, quality assurance, separation or relocation of activities and resources, contract terms and conditions, crisis management and disaster recovery plans. Those risks which should be reduced can also be shared with parties that have more appropriate resources and knowledge about the consequences (Thomas, 2009). Sharing can also be an alternative, by cooperating with other parties. In this way, one project team can take advantage of another's resources and experience. It is a way to share responsibilities concerning risks in the project (Darnall and Preston, 2010).

If a risk can be managed by another actor who has a greater capability or capacity, the best option is to transfer it. Potts (2008) states that the risk should be transferred to those who know how to manage it. The actors that the risks can be transferred to are, for example, the client, contractor, subcontractor, designer etc, depending on the risk's character. As a result this could lead to higher costs and additional work, usually called risk premium (Potts, 2008). It must be recognized that the risk is not eliminated; it is only transferred to the party that is best able to manage it (PMI, 2004). Shifting risks and the negative impacts they bring is also an option when the risks are outside the project management's control, for example political issues or labor strikes (Darnall and Preston, 2010). The situation may also consist of catastrophes that are rare and unpredictable in a

certain environment (Winch, 2002). Such risks that are beyond the management’s control should be transferred through insurance policies.

When a risk cannot be transferred or avoided, the best solution is to retain the risk. In this case the risk must be controlled, in order to minimize the impact of its occurrence (Potts, 2008). Retention and control can also be an option when other solutions are uneconomical (Thomas, 2009). Controlling risk is a procedure used to either prevent a risk from occurring or detect a risk after it has occurred. If the risk is worth taking and is part of an organization's core operating activities, then controls can be used to mitigate and manage the risk. Thomas, (2009) explains that when retaining risk, linking the control activities to the risk response is critical. This involves mapping the risk in terms of their significance and likelihood of occurrence as shown in Figure 2.1.

Figure 2.1: Linking control activities to risk response



Source: Thomas (2009)

In as much as the main objective of risk mitigation strategies is to curtail the effects of possible threats or hazards, these strategies needs be taken into consideration during the project planning stage (Potts, 2008). While in the process of developing each phase, procedure or methodology, the project management team or the principal players of a venture need to also establish the critical points where the possible risks may take place. Each critical point identified shall have a set of mitigation strategies incorporated in its procedural guidelines. In actual practice, these procedures may be referred to as code of practices (Potts, 2008).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Research methodology entails the series of events that will culminate in the analysis of data. It will discuss; the research design, target population, data collection instruments and process and analysis of the data.

#### **3.2 Research Design**

The study used descriptive survey design to gather data relating to the risk mitigation strategies. According to Hennings, (2004) descriptive survey has a broad appeal for planning, monitoring and evaluating policies. Creswell, (2009) says that any researcher who adopts the descriptive research design attempts to produce data that is holistic, contextual, descriptive in depth and rich in detail.

The use of the descriptive methodology for this study allowed the researcher to gather data directly from the Humanitarian NGO employees in their natural environment. The researcher was afforded the opportunity to view phenomena through the eyes of their subjects in appropriate social contexts through in-depth interviews. The nature of the research necessitated that the participant's knowledge, views, understandings, interpretations, experiences and interactions are considered in order to construct situational knowledge.

### **3.3 Population**

The target population refers to the specific group relevant to a particular study. Mugenda and Mugenda (2003) explain that a population is a group of individuals or objects that have the same form of characteristics. The target population for this study consisted of all humanitarian NGO's operating in West Pokot County. The researcher surveyed the entire population as subjects in the study as the difference between the minimum sample size and the population was very small.

### **3.4 Data collection**

Questionnaires are the most commonly used research instruments for the collection of data. This is a pre-formatted set of questions to which respondents record their answers (Mugenda & Mugenda, 2003). In this study therefore, the questionnaire was used as the main source of the primary data required. The questionnaire incorporated two categories of questions namely structured and unstructured. The structured questions are close-ended with alternatives from which the respondents select the most appropriate answer. Unstructured questions are open ended that allow the respondents to provide their own answers. The researcher used both the open ended and closed ended questions in the research presented in the structured questionnaire.

According to Hennings (2004), a self-administered questionnaire is the only way to elicit self-report on people's opinion, attitudes, beliefs, and values. The questionnaire was divided into sections representing the various variables adopted for study. Each section of the chosen study included closed structured and open ended questions that seek the

views, opinion, and attitude from the respondent which might not have been captured by the researcher. The questions were designed to collect both the qualitative and quantitative data. The researcher used assistants to distribute by hand the questionnaires to be completed by the selected respondents

A survey was ideal in this study because it is a method whereby a structured questionnaire is given to the population designed to elicit specific information. Surveys could also provide reliable, valid and theoretical meaning of information such as being sought by this study. In this regard, Likert-Scale was appropriate as it afforded the respondents an opportunity to specify their level of agreement or disagreement for a series of statements.

A pre-test was carried out with a similar target of respondents. This allowed adjustment of the questionnaire. The respondents were then called through their office lines, appointments sought and a face-to-face interview conducted at the agreed date and time. For those that were located far, the questionnaire was emailed and additional telephone calls made to ensure quick response. The completely filled questionnaires and interview schedules were checked for completeness at two levels where the data collectors verified that questionnaires are complete before taking them to the researcher for final verification.

### **3.5 Data Analysis**

Data analysis began once all the data had been captured by classifying, tabulating and summarizing. Closed-ended questions were analyzed using nominal scales into mutually exclusive categories and frequencies by employing descriptive statistics using the

statistical package for social sciences (SPSS V 20.0) and MS Excel. Open-ended questions were analyzed using conceptual content analysis. Analysis involved the production and interpretation of frequencies counts, tables and percentages that describe and summarize the data. The study also applied means, standard deviation chi-square analysis to provide conclusions and comparisons on the variables.

Cross tabulation was used to compare the existence of relationships between the NGO's based on demographic similarities and differences. Chi square analysis test was also used to test reliability of the variables and evaluate the extent to which they are used by the NGO's. Before final analysis is performed, data analyzed was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and tabulated.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents the research findings and analysis that comprehensively answer the research questions. It presents the response rate, the demographic profile, and profiled data and presents it in descriptive tables using mean and standard deviation to present the findings.

Out of 29 questionnaires distributed to the entire population of NGO's operating in West Pokot, more than three quarters (72.4%) responded which is considered very adequate to represent the population. According to Saunders et. al (2009), a 50% response rate is adequate, 60% good and above 70% rated very good. This is testament to the significance of the concerns about risk mitigation strategies and the extent to which the respondents were willing to provide information in order to help improve their risk management strategies.

#### **4.2 Demographic Information**

All the NGO's that responded had been in existence for over 5 years. Specifically, 48% had been operating for 10 to 15 years, 29% for 15 to 20 years, 14% for over 20 years and 10% for 5 – 10 years as shown in Table 4.1. A majority of the respondents therefore had been operating in the NGO sectors long enough to have sufficient data and information on risk and their mitigations strategies.

Table 4.1: Years of Operation

<b>Years</b>	<b>Frequency</b>	<b>Percentage</b>
5 to 10	2	9.5
10 to 15	10	47.6
15 to 20	6	28.6
Over 20	3	14.3
	<b>21</b>	<b>100</b>

The NGO's had diverse nature of operations where 52% were charitable NGO's, 29% were empowering NGO's, 14% were participatory NGO's and 5% were service NGO's as shown in Table 4.2.

Table 4.2: Nature of NGO operations

<b>Organizational Orientation</b>	<b>Frequency</b>	<b>Percentage</b>
Charitable	11	52.4
Service	1	4.8
Participatory	3	14.3
Empowering	6	28.6
<b>Total</b>	<b>21</b>	<b>100.0</b>

A majority of the respondents from each NGO had worked in their respective organizations for periods and management levels that that could be referred to be adequate to have the requisite information to respond to the objectives of the study. More specifically, 33% had worked for 2 to 5 years, 43% for 6 to 9 years, 20% for over 10 years and only 5% for less than 2 years. This therefore presents the study with a unique response in view of their understanding of the operations and environment in which they operate as shown in Table 4.3.

Table 4.3: Length of service at the Organization

<b>Years</b>	<b>Frequency</b>	<b>Percentage</b>
less than 2	1	4.8
2 to 5	7	33.3
6 to 9	9	42.9
Over 10	4	19.0
<b>Total</b>	<b>21</b>	<b>100.0</b>

With regard to the management levels, more than half of the respondents (52%) were executive managers while 29% were operational managers and 19% senior managers. Again these are very informed respondents that understand well the organization to give appropriate and valid responses to questions of the study as shown in Table 4.4.

Table 4.4: Management Level

<b>Level</b>	<b>Frequency</b>	<b>Percentage</b>
Operational Management	6	28.6
Executive Management	11	52.4
Senior Management	4	19.0
<b>Total</b>	<b>21</b>	<b>100.0</b>

### 4.3 Humanitarian Risks Facing NGO's in West Pokot County

Humanitarian risks can be classified by the impact they might create on different business operational activities which means that a risk can be repeatedly divided into different classes. As risks are not likely equal, based on the frequency of happening, based on level of consequences, or based on the nature of risk, there are common ways for risks to be classified (Maylor, 2010). Koster, (2009) states that humanitarian risk categorization will involve hazard risk, financial risk, operational risk and strategic risks as presented by

(IRM, 2002). In this regard, the study sought to identify the risks that affect the NGO's operating in West Pokot County.

In response, all the respondents were aware that their respective organizations have been experiencing certain levels of risk. This is evident of the inherent nature of risk that affects all organizations in their operations.

With regard to the specific nature of the risk affecting the humanitarian NGO's, financial risk was the most cited nature by the respondents at 81%, followed by hazard risks at 67%, then operational risk at 62% and finally strategic risk at 48% as shown in Table 4.5. This shows that the NGO's perceive financial uncertainties as their greatest hindrance to fulfilling their objectives though hazard and operational risks also had high percentages. Financial risk covers many negative risks related to financing, for instance, liquidity risk, funding risk, interest rate risk, investment risk, pricing risk, credit risk, and so on. The specific nature of financial risk will depend on the operations of the NGO.

Table 4.5: Nature of NGO risk

<b>Nature</b>	<b>Frequency</b>	<b>Percentage</b>
Hazard Risk	14	66.7
Financial Risks	17	81.0
Operational Risk	13	61.9
Strategic Risk	10	47.6

The respondents were also asked specific questions regarding the nature of risk that the humanitarian NGO's face. Their response was on a 5 point likert scale where they were to indicate their level of agreement to statements using the scale; Not at all – 1, To a less extent – 2, To a moderate extent – 3, To a large extent – 4, and To a very large extent - 5.

### **4.3.1 Nature of Hazard Risk**

With regard to hazard risk, the respondents were asked whether natural calamities were a usual occurrence in their operations in West Pokot County. In their response, 38% responded to a large extent, 24% to a moderate extent, 19% to a very large extent and 10% for both not at all and to a less extent. The average response was 3.48 which is to a moderate extent with a moderate standard deviation of 1.21.

When asked whether the working environment can cause physical harm to the employees, 48% responded to a large extent, 33% to a very large extent, 14% to a moderate extent and 5% not at all. The average response was 4.05 which is to a large extent with a low standard deviation of 0.97

Finally, when asked whether the county is considered a hardship area to the employees stationed there, 57% responded to a great extent, 24% to a very large extent, 14% to a moderate extent and 5% to a less extent. The average response was 4.00 which is to a large extent with a low standard deviation of 0.78.

From these findings, hazard risk is considered a serious threat to the humanitarian NGO's operating in West Pokot County as shown in Table 4.6.

Table 4.6: Nature of Hazard Risk

		1	2	3	4	5	Mean	SD
<b>Hazard Risk</b>								
Natural calamities are a usual occurrence in our operations in West Pokot County	<b>Frequency</b>	2	2	5	8	4	3.48	1.21
	<b>Percentage</b>	10	10	24	38	19		
The working environment in West Pokot County can cause physical harm to employees	<b>Frequency</b>	1	0	3	10	7	4.05	0.97
	<b>Percentage</b>	5	0	14	48	33		
The county is considered a hardship area to employees stationed in the West Pokot County	<b>Frequency</b>	0	1	3	12	5	4.00	0.78
	<b>Percentage</b>	0	5	14	57	24		

### 4.3.2 Nature of Financial Risk

With regard to financial risk as shown in Table 4.7, the respondents were first asked whether getting funding for the projects in the County was getting difficult. In their response, 43% indicated to a great extent, 24% to a moderate extent, 19% to a very great extent, 10% not at all and 5% to a less extent. The mean response was at 3.57 (to a great extent) with a moderate standard deviation of 1.17.

When asked whether it was difficult for organizations to invest in the County, 38% responded to a moderate extent, 19% not at all, 14% to a less extent, 14% to a great extent and 14% to a very great extent. The average response was 2.91 (to a moderate extent) with a moderate standard deviation of 1.30.

When asked whether the cost of living and operation was higher in West Pokot County than other counties, 38% responded not at all, 24% to a less extent, 19% to a moderate

extent and 19% to a great extent. The average response was 2.19 (to a less extent) with a moderate standard deviation of 1.17.

In response to whether the organizational overheads are higher in the County as compared to other counties, 29% responded to a less extent, 24% not at all, 24% to a moderate extent, 19% to a great extent and 5% to a very great extent. The average response was 2.52 (to a moderate extent) with a moderate standard deviation of 1.21.

Table 4.7: Nature of Financial Risk

		1	2	3	4	5	Mean	SD
<b>Financial Risk</b>								
Getting adequate funding for projects in the County is getting difficult	<b>Frequency</b>	2	1	5	9	4	3.57	1.17
	<b>Percentage</b>	10	5	24	43	19		
It is difficult for organizations to investment in the County	<b>Frequency</b>	4	3	8	3	3	2.91	1.30
	<b>Percentage</b>	19	14	38	14	14		
The employee cost of living and operations are higher in the County than for employees in more urban county offices	<b>Frequency</b>	8	5	4	4	0	2.19	1.17
	<b>Percentage</b>	38	24	19	19	0		
The organizational overheads are higher in the county as compared to urban counties of operation	<b>Frequency</b>	5	6	5	4	1	2.52	1.21
	<b>Percentage</b>	24	29	24	19	5		

### 4.3.3 Nature of Operational Risk

Operational risk was the third nature of risk under the study, Table 4.8. The respondents were first asked whether there was increased human error in the organizational operations within the West Pokot County. In their response, 33% indicated to a less extent, 29% not at all, 24% to a moderate extent, and 14% to a great extent. The average response was 2.24 (to a less extent) with a moderate standard deviation of 1.04.

Second, they were asked whether the humanitarian services offered to the residents of the County poses some threat to the operations of the organization. In their response, 29% responded to a great extent, 24% to a less extent, another 24% to a moderate extent, 19% not at all and 5% to a very great extent. The average response was 2.76 (to a moderate extent) with a moderate standard deviation of 1.22.

Third, the respondents were asked whether the organizations operation systems and procedure make it difficult to fulfill the organizations goals. More than a third (38%) indicated to a less extent, 33% not at all, 24% to a moderate extent and 5% to a great extent. The average response was 2.05 (to a less extent) with a low standard deviation of 0.89.

Finally, the respondents were asked if there were other external factors that affect the operations of the NGO in the county. In their response, 29% responded to a moderate extent, 24% to a great extent, 19% to a less extent, and 14% both for not at all and to a very large extent. The average response was 3.05 (to a moderate extent) with a moderate standard deviation of 1.28.

Table 4.8: Nature of Operational Risk

		1	2	3	4	5	Mean	SD
<b>Operational Risk</b>								
There is increased human error in the organizational operations in the county	<b>Frequency</b>	6	7	5	3	0	2.24	1.04
	<b>Percentage</b>	29	33	24	14	0		
The humanitarian services offered to the residents of the county poses some threat to the operations of the organization	<b>Frequency</b>	4	5	5	6	1	2.76	1.22
	<b>Percentage</b>	19	24	24	29	5		
The organizations operation systems and procedure make it difficult to fulfill the organizations goals	<b>Frequency</b>	7	8	5	1	0	2.05	0.89
	<b>Percentage</b>	33	38	24	5	0		
There are external factors that affect the operations of the NGO in the county	<b>Frequency</b>	3	4	6	5	3	3.05	1.28
	<b>Percentage</b>	14	19	29	24	14		

#### 4.3.4 Nature of Strategic Risk

The final nature of risk to be studied was the strategic risk, as shown in Table 4.9. The respondents were first asked whether there is poor strategic planning and decisions for operations in the county. In their response, 57% indicated not at all, 33% to a less extent and 10% to a moderate extent. The average response was 1.52 (to a less extent) with a low standard deviation of 0.68.

When asked whether there is inconsistent implementation of projects within the county, 48% indicated not at all, 33% to a less extent and 19% to a moderate extent. The average response was 1.71 (to a less extent) with a low standard deviation of 0.78.

Finally, the respondents were asked whether the projects implemented within the county were viable with long term benefits to the communities. Nearly two thirds (62%) of the respondents indicated to a great extent, 33% to a very great extent and 5% to a moderate extent. The average response was 4.29 (to a great extent) with a low standard deviation of 0.56.

Table 4.9: Nature of Strategic Risk

		1	2	3	4	5	Mean	SD
<b>Strategic Risk</b>								
14. There is poor strategic planning and decisions for operations in the County	<b>Frequency</b>	12	7	2	0	0	1.52	0.68
	<b>Percentage</b>	57	33	10	0	0		
15. There is inconsistent implementations of projects within the county	<b>Frequency</b>	10	7	4	0	0	1.71	0.78
	<b>Percentage</b>	48	33	19	0	0		
16. The projects implemented within the County are viable with long term benefits to the communities	<b>Frequency</b>	0	0	1	13	7	4.29	0.56
	<b>Percentage</b>	0	0	5	62	33		

#### 4.4 Risk Mitigation Strategies

The respondents were first asked whether they were aware of any risk management strategies being implemented by their respective organizations. In their response, 86% were aware while the remaining 14% were not as shown in Table 4.10.

Table 4.10: Awareness of risk mitigation Strategies

Awareness of risk mitigation strategies	Frequency	Percentage
Yes	18	85.7
No	3	14.3
<b>Total</b>	<b>21</b>	<b>100.0</b>

The respondents were also asked specific questions regarding the risk mitigation strategies that the humanitarian NGO's have implemented. Similarly, their response were on a 5 point likert scale where they were to indicate their extent of agreement to statements using the scale.

With regard to whether the projects that were considered to have negative consequences to the organizations operations were not implemented, 52% responded to a great extent, 33% to a very great extent and 14% to a moderate extent. The average response was 4.19 (to a great extent) with a low standard deviation of 0.68.

When asked whether the management seeks alternative approaches to projects that are seen to have negative impacts, 43% responded to a very great extent, 33% to a great extent, 19% to a moderate extent and 5% to a less extent. The average response was 4.14 (to a great extent) with a low standard deviation of 0.91

With regard to whether the organization is keen in provision of protection and safety systems for projects, 38% responded to a great extent, 33% to a very great extent, 14% to a moderate extent and 14% to a lesser extent. The average response was 3.91 (to a great extent) with a moderate standard deviation of 1.04.

When asked whether there were frequent operational reviews for projects and their implementation procedures 52% responded to a great extent, 24% to a moderate extent, 19% to a very great extent and 5% to a lesser extent. The average response was 3.86 (to a great extent) with a low standard deviation of 0.79.

The respondents were also asked whether the organization identifies problematic areas and changes their operations and systems. In their response, 38% responded to a very great extent, another 38% to a great extent, 19% to a moderate extent and 5% not at all. The average response was 4.05 (to a great extent) with a moderate standard deviation of 1.02.

With regard to whether the organization hires experts to manage high risk activities, 33% responded to a great extent, 24% to a moderate extent, 19% not at all, 14% to a very great extent and 10% to a less extent. The average response was 3.14 (to a moderate extent) with a standard deviation of 1.35

With regard to whether employees working in the County were provided with hardship allowance during the time they are stationed there, 38% responded to a great extent, 24% to a very great extent, 24% to a moderate extent, 10% not at all and 5% to a less extent. The average response was 3.62 (to a great extent) with a moderate standard deviation of 1.20.

When asked whether the organization has a detailed crisis management plan and a disaster recovery plan, 48% responded to a great extent, 29% to a very great extent, 14% to a less extent and 10% to a moderate extent. The average response was 3.91 (to a great extent) with a standard deviation of 1.0.

When asked whether the organization outsources some projects and operations in the county to third parties, 57% indicated to a great extent, 14% to a very great extent, 14%

to a less extent, 10% not at all and 5% to a moderate extent. The average response was 3.52 (to a great extent) with a moderate standard deviation of 1.21.

With regard to whether the organizations provides insurance to employees and projects in the county, 48% responded to a very great extent, 43% to a great extent and 10% to a moderate extent. The average response was 4.38 (to a great extent) with a low standard deviation of 0.67.

Finally, the respondents were asked whether when the probability of negative impacts in a project is low, the organization will go ahead with the project. In their response, 67% responded to a great extent while the remaining 33% responded to a very great extent. The average response was 4.33 (to a great extent) with a low standard deviation of 0.48 as shown in Table 4.11.

Table 4.11: Risk Mitigation strategies

		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
Projects that are considered to have negative consequences to the organizations operations are not implemented	<b>Frequency</b>	0	0	3	11	7	4.19	0.68
	<b>Percentage</b>	0	0	14	52	33		
The management seeks alternative approaches to projects that are seen to have negative impacts	<b>Frequency</b>	0	1	4	7	9	4.14	0.91
	<b>Percentage</b>	0	5	19	33	43		
The organization is keen in provision of Protection and safety systems for projects.	<b>Frequency</b>	0	3	3	8	7	3.91	1.04
	<b>Percentage</b>	0	14	14	38	33		
There are frequent operational reviews for projects and their implementation procedures	<b>Frequency</b>	0	1	5	11	4	3.86	0.79
	<b>Percentage</b>	0	5	24	52	19		
The organization identifies	<b>Frequency</b>	1	0	4	8	8	4.05	1.02

problematic areas and changes their operations and systems	<b>Percentage</b>	5	0	19	38	38		
The organization hires experts to manage high risk activities	<b>Frequency</b>	4	2	5	7	3	3.14	1.35
	<b>Percentage</b>	19	10	24	33	14		
Employees working in the County are provided with hardship allowance during the time they are stationed there	<b>Frequency</b>	2	1	5	8	5	3.62	1.20
	<b>Percentage</b>	10	5	24	38	24		
The organization has a detailed crisis management plan and a disaster recovery plan.	<b>Frequency</b>	0	3	2	10	6	3.91	1.00
	<b>Percentage</b>	0	14	10	48	29		
The organization outsources some projects and operations in the county to third parties	<b>Frequency</b>	2	3	1	12	3	3.52	1.21
	<b>Percentage</b>	10	14	5	57	14		
The organizations provides insurance to employees and projects in the county	<b>Frequency</b>	0	0	2	9	10	4.38	0.67
	<b>Percentage</b>	0	0	10	43	48		
When the probability of negative impacts in a project is low, the organization will go ahead with the project	<b>Frequency</b>	0	0	0	14	7	4.33	0.48
	<b>Percentage</b>	0	0	0	67	33		

The study further employed the Pearson's chi-squared test, also known as the chi-squared goodness-of-fit test or chi-squared test for independence. The chi square indicates the level of respondent's perception on each of the predictor variables. Chi square scores of above 50% indicate the higher extent levels with higher scores predicting higher agreement levels. Scores below 50% indicate low extent levels with lower scores predicting higher disagreement. A small significance level sig, ( $P < .005$ ) two tailed, indicate that the findings of the predictor variables are not equal to each other and are statistically significant. They can therefore be used to predict the effect of the risk mitigation strategies on organization performance.

Table 4.12: Level of respondent's perception

<b>FINANCIAL GROWTH</b>	<b>Chi-Square</b>	<b>Sig. level</b>
Projects that are considered to have negative consequences to the organizations operations are not implemented	72.65	0.000
The management seeks alternative approaches to projects that are seen to have negative impacts	74.33	0.000
The organization is keen in provision of Protection and safety systems for projects.	64.21	0.005
There are frequent operational reviews for projects and their implementation procedures	59.49	0.0003
The organization identifies problematic areas and changes their operations and systems	52.84	0.000
The organization hires experts to manage high risk activities	61.25	0.000
Employees working in the County are provided with hardship allowance during the time they are stationed there	64.56	0.000
The organization has a detailed crisis management plan and a disaster recovery plan.	60.25	0.000
The organization outsources some projects and operations in the county to third parties	61.52	0.005
The organizations provides insurance to employees and projects in the county	67.62	0.033
When the probability of negative impacts in a project is low, the organization will go ahead with the project	66.52	0.000

## **4.6 Discussion**

### **4.6.1 Nature of risk**

According to Ho, (2003), the nature of risks can be classified by the impact they might create on different business operational activities and states that humanitarian risk categorization will involve hazard risk, financial risk, operational risk and strategic risks. The findings indicate that the Humanitarian NGO's operating in West Pokot County perceived financial risk as the greatest followed by hazard risks, operational risk and finally strategic risk. This finding differs from Trivunovic, Johnson & Mathisen (2011) who looked at developing an NGO corruption risk management system which identified operational risk as greatest. Important risk assessment considerations in the study included the capacity of the NGO, the type of operation, the operational context, and whether implementation is done by the NGO itself or by a partner NGO. However, these findings are in agreement with those from the financial sector, where Saiyori (2010) explains that significant findings revealed that risk management and internal financial control systems existed and that these control systems are very important, effective and therefore provide adequate checks and balances.

### **4.6.2 Risk Mitigation Strategies**

Risk mitigation is all about understanding those risks that can impact the objectives of the organization, and taking the appropriate steps to reduce the risks to an acceptable level (Chorafas, 2008). It helps management to identify and decide which risks to avoid, control, transfer to another party such as an insurance company or which risk to tolerate,

that is accepting some or all the consequences of a particular risk. Most common strategies for risk mitigation include; avoidance, reduction, transfer and retention (Potts, 2008). The findings conclude that risk retention strategies are a part of the humanitarian Ngo's mitigation strategies where all four strategies are applied in different measure, the most common being the following:

**Risk reduction** - This is a control procedure used by the NGO's to either prevent a risk from occurring or detect a risk after it has occurred. If the risk is worth taking and is part of an organization's core operating activities, then controls can be used to reduce and manage the risk.

**Risk Retention** - Without risk there is no reward. If the risk is low enough, then NGO's opt to accept it as a cost of doing business, acknowledging that little to no action can be taken to mitigate that risk. The NGO's also establish a contingency plan to minimize any loss not previously anticipated from these risks.

**Risk Avoidance** – NGO's contend that some risks are not worth taking in the first place. If the risks are as a result of activities outside the core business, and the level of risk is deemed relatively high, then NGO's have considered ceasing or avoiding undertaking those activities. If the activities are part of the core business, then NGO's consider if there is another way of doing things that will avoid or minimize the risk or loss.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter summarizes the findings of the study and provides the insights necessary to deduce the conclusions and recommendations. It highlights the key findings and presents a summary of the same. The purpose of the study was to evaluate the humanitarian risk mitigation strategies adopted by NGO's in West Pokot County with the view of filling the knowledge gap where studies on risk mitigation strategies of NGO's in Kenya are not available to the researcher. This objectives of the study were: To establish the nature of humanitarian risks facing NGO's in West Pokot County, Kenya; and to determine the humanitarian risk mitigation strategies adopted by NGO's in West Pokot County, Kenya.

There was a very good response rate that was adequate to represent the population of Humanitarian NGO's operating in West Pokot County. All the NGO's had been in existence for over 5 years with diverse nature of operations amongst them and therefore had sufficient data and information on risk and their mitigations strategies required in the study.

#### **5.2 Summary of findings**

The first objective was to establish the nature of humanitarian risks facing NGO's in West Pokot County, Kenya. The study sought to understand the extent to which the common humanitarian NGO risks affect the NGO's operating in West Pokot County. With regard to the nature of the risk affecting the humanitarian NGO's, financial risk was

ranked highest followed by hazard risks, operational risk and finally strategic risk. The Humanitarian NGO's operating in West Pokot County therefore perceived financial uncertainties as their greatest hindrance to fulfilling their objectives. The effect of this risk is that the NGO's may be unable to meet their financial obligations. This risk is primarily a function of the relative amount of grants and financial sources that the NGO uses to finance its projects and operations. A low proportion of grants, donations and other financial sources increase the likelihood that at some point the NGO will be unable to make the required financial obligations.

The second objective was to understand the extent to which humanitarian risk mitigation strategies are adopted by NGO's in West Pokot County, Kenya. A majority of the respondents had adequate information regarding the specific risk mitigation strategies being employed in their respective organizations. This was important because risk mitigation strategies are action plans the NGO conceptualizes after making a thorough evaluation of the possible threats, hazards or detriments that can affect their projects and business operation. The purpose of such strategies is meant to lessen or reduce, if not totally eliminate the adverse impacts of the known or perceived risks inherent in a particular undertaking, even before any damage or disaster takes place. All the mitigation strategies therefore were employed in the NGO's in different measures though avoidance, reduction and retention were most used to a great extent while transfer was used to a moderate extent. Due to this findings, negative risks or threats in the NGO's are not met with shock or surprise and opportunity risks are not forsaken due to lack of preparation and planning. The important benefits of operational efficiencies from risk mitigation strategies are realized upon successful treatment of risks

### **5.3 Conclusion**

With regard to specific response on hazard risk affecting the NGO's, the respondents generally indicated that; to a large extent, the working environment can cause physical harm to the employees; to a large extent, the county is considered a hardship area to the employees stationed there; and to a moderate extent, natural calamities were a usual occurrence in their operations in West Pokot County. From these findings, hazard risk can be concluded to be considered a serious threat to the humanitarian NGO's operating in West Pokot County. This could be related to the working environment, property, and natural catastrophe. They can also refer to potential harms that can affect the health and safety of personnel and property. IRM (2002) states that it is commonly agreed to be the organizations responsibility to fix hazards. Exposure to hazards in workplace does not always result in injuries or severe health effects. However, preventing hazards from happening ensures personnel work under no pressure of being harmed.

With regard to financial risk, the respondents indicated that; to a great extent, getting funding for the projects in the County was getting difficult; to a moderate extent, it was difficult for organizations to invest in the County; to a less extent, the cost of living and operation was higher in West Pokot County than other counties; and to a moderate extent, the organizational overheads are higher in the County as compared to other counties. Though initially the respondents indicated that financial risk was ranked higher than hazard risk, these specific findings conclude that hazard risk is seen to be higher than financial risks.

When responding with regards to operational risk the respondents indicated that to a less extent, there was increased human error in the organizational operations within the West Pokot County; to a moderate extent, the humanitarian services offered to the residents of the County posed some threat to the operations of the organization; to a less extent, the organizations operation systems and procedure made it difficult to fulfill the organizations goals; and to a moderate extent there were other external factors that affect the operations of the NGO in the county. We can therefore conclude that though operational risk affects the NGO's in one way or another, the extent is moderate and manageable.

The final nature of risk to be studied was the strategic risk. The respondents indicated that to a less extent, there was poor strategic planning and decisions for operations in the county; to a less extent, there was inconsistent implementation of projects within the county; and to a great extent, the projects implemented within the county were viable with long term benefits to the communities. These findings indicate that strategic risk affects the organization to a less extent and therefore is not a great contributor to lack of achievement of the organizational goals.

With regard to risk avoidance, respondents indicated that to a great extent the projects that were considered to have negative consequences to the organizations operations were not implemented. The NGO's therefore use the risk avoidance strategy to mitigate their risks.

When asked about risk reduction, the respondents indicated that; to a great extent, the management seeks alternative approaches to projects that are seen to have negative

impacts; to a great extent, the organization is keen in provision of protection and safety systems for projects; to a great extent there were frequent operational reviews for projects and their implementation procedures; and to a great extent, the organization identifies problematic areas and changes their operations and systems. This concludes that risk reduction is also a risk mitigation strategy commonly used by the humanitarian NGO's in West Pokot County.

With regard to transference of risks, the organization to a moderate extent, hires experts to manage high risk activities; to a great extent employees working in the County were provided with hardship allowance during the time they are stationed there; to a great extent the organization outsources some projects and operations in the county to third parties; and that to a great extent, the organizations provides insurance to employees and projects in the county. Risk transfer therefore is also a common strategy employed by the organizations under study.

Finally, when asked about risk retention as a mitigation strategy, the respondents indicated that to a great extent, a detailed crisis management plan and a disaster recovery plan was in place and that to a great extent, when the probability of negative impacts in a project is low, the organization will go ahead with the project. These findings conclude that risk retention strategies are also a part of the humanitarian Ngo's mitigation strategies.

#### **5.4 Recommendations for Policy and Practice**

The Nature of risks that greatly affects operations and achievement of goals of humanitarian NGO's operating in West Pokot County is hazard risk and financial risk. Concentrating on the major concerns and causes of these types of risk and mitigation efforts would help reduce the risks.

Hazard risks were concluded to be the greatest risk to achievement of the organizational goals and therefore should receive most attention when seeking mitigation strategies. Efforts should therefore be directed on identifying ways that the employees can work comfortably in the harsh environment more effectively. Financial incentives, appropriate insurance packages as well as additional security to employees could be implemented in order to motivate and elevate their effectiveness.

With regard to financial risks, the respondents indicated that securing funding for projects in the region is getting difficult. The management of these organizations should therefore seek other non-traditional ways of sourcing funds for projects. For example, engaging with or partnering with public private organizations in their corporate social responsibility efforts as well as taking advantage of leverages that accrue from synergy when implementing projects on complementary basis.

The NGO management should ensure the Integrated Risk Management Framework is available and should provide a cohesive risk management process. Management directorate should also examine ways to ensure that risk management is embedded in planning, reporting and decision-making processes throughout the organization.

The management should communicate the Risk Management Framework roles, responsibilities and accountabilities, across the organization and allow input from employees. The Framework should then be translated and communicated to all employees.

Assembling the right team is important in risk mitigation. This means looking beyond design and NGO's general reputation, and investigating its expertise and track record on projects with similar programs. Even more importantly, the management must look behind the partners' representatives who participate in projects, because a project's success depends on the actual people that will design and execute projects. This can be done by inquiring into the experience and availability of project managers that will be assigned to the project. The right team also includes determining to what extent "specialists" will add value.

Incentive clauses in employee and partners contracts can be used to ensure that employees do their utmost to manage and control factors that influence productivity. They represent a powerful incentive to closely monitor the work and proactively adjust efforts to achieve on-time completion.

## **5.5 Limitations**

The study had a number of limitations. One is that the research focused on private institutions that are said to limit information sharing to the public. Access to these organizations and relevant respondents was gained via the researcher's personal networks. The findings of the study therefore had some limitations:

All findings were based on the information provided by the respondents, and were subject to the potential bias and prejudice of the people involved.

The extent to which the objectives of the study could be reached was affected by time and financial limitations.

### **5.6 Suggestions for Further Research**

The study sought to assess the humanitarian risk mitigation strategies adopted by NGO's in West Pokot County. Based on these findings and conclusion, the following suggestions for further studies are presented.

Further research could be done on the influence of these risk mitigation strategies on the performance of the NGO's.

Comparative studies could also be conducted on NGO's in other geographical regions within Kenya and Africa to evaluate the similarities and differences of the Risk mitigation strategies.

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## **APPENDICES**

### **Appendix I: Introductory letter**

To whom it may concern

Dear sir/ Madam

#### **RE: ACADEMIC RESEARCH**

The above subject refers.

I am a Master of Business Administration student at the University of Nairobi, School of Business.

It is a requirement to write a research project as a partial fulfillment of the course. I am carrying out a study on the Risk Mitigation strategies used by Humanitarian NGO's in Kenya with a special emphasis on the NGO's operating in the West Pokot County.

This is therefore to seek for permission to collect data to facilitate the same. Information provided will be strictly for academic purposes and will be treated as confidential.

Your assistance and co-operation will be highly appreciated.

Yours faithfully

**Longit Benjamin Naktari**

## **Appendix II: Research Questionnaire**

### **Introduction and Seeking Consent**

Hello! My name is Longit Benjamin, a student of the University of Nairobi (Master of Business Administration) and conducting a study in this area. At the moment, I am conducting a study to familiarize myself with the Risk Mitigation strategies used by NGO's in West Pokot County. Your involvement and participation in the study is very important though voluntary. I pledge to treat whatever information you provide with a lot of confidentiality. The information you provide will not be used for any other purpose other than the objectives of this study.

### **Part A: Demographic Information**

1. Name of Organization \_\_\_\_\_

2. Years of Registration \_\_\_\_\_

3. Nature of operation \_\_\_\_\_

4. For how long have you worked for this specific organization?

Less than 1 year	<input type="checkbox"/>	6 to 9 years	<input type="checkbox"/>
2 to 5 years	<input type="checkbox"/>	10 years and above	<input type="checkbox"/>

5. What management level are you currently positioned?

Operational Management	<input type="checkbox"/>
Executive Management	<input type="checkbox"/>
Senior Management	<input type="checkbox"/>

**Part B: Nature of Risk**

1. Are you aware of any risks affecting the organization?

Yes [ ] No [ ]

2. Rank these risk categories in order of effect on the business operations. (1 being least effect and 5 being greatest effect)

Hazard (Environment, property, natural disasters) [ ] Financial Risk [ ]

Operational Risk [ ] Strategic Risk [ ]

The following are general Nature of Risk statements. Indicate your level of agreement using the scale provided (Key: Not at all – 1, To a less extent – 2, To a moderate extent – 3, To a large extent – 4, To a very large extent- 5)

**Nature of Risk**

**Extent to which exists**

Statements	1	2	3	4	5
3. Natural calamities are a usual occurrence in our operations in West Pokot County					
4. The working environment in West Pokot County can cause physical harm to employees					
5. The county is considered a hardship area to employees stationed in the West Pokot County					
6. Getting adequate funding for projects in the County is getting difficult					
7. It is difficult for organizations to investment in the County					
8. The employee cost of living and operations are higher in the County than for employees in more urban county offices					

9. The organizational overheads are higher in the county as compared to urban counties of operation					
10. There is increased human error in the organizational operations in the county					
11. The humanitarian services offered to the residents of the county poses some threat to the operations of the organization					
12. The organizations operation systems and procedure make it difficult to fulfill the organizations goals					
13. There are external factors that affect the operations of the NGO in the county					
14. There is poor strategic planning and decisions for operations in the County					
15. There is inconsistent implementations of projects within the county					
16. The projects implemented within the County and viable with long term benefits to the communities					



25. The organization has a detailed crisis management plan and a disaster recovery plan.					
26. The organization outsources some projects and operations in the county to third parties					
27. The organizations provides insurance to employees and projects in the county					
28. When the probability of negative impacts in a project is low, the organization will go ahead with the project					

### Appendix III: List of NGO's in West Pokot County

Name of Organization
ACTED(Agency for Technical cooperation and Development)
Health right International
POKATUSA(PO-Pokot, KA-Karamoja, TU-Turkana, SA-Sabiny)
SIKOM
PADO Chepareria
St. Johns Ambulance
Rural W.P.I
ACF. International (Action Against Hunger)
SNV Netherlands
Catholic Justice & peace Kitale
World Vision
Action Aid
ELCK(Evangelical Lutheran Church of Kenya)
HSC NSC/CEWARN/IGAD(Intergovernmental Authority on Development)
Tumaini Education for Health Fund
SNV Kenya
Wake up for change youth group
DSW – K
Mafuta pole education & development Foundation
Netherland Foundation
Chemudem Organization
Child welfare society of Kenya
PACEP-MWSOLWILDLIFE
PACEP – MPDI Masol development
K.H.R.C (Kenya National Human Rights Commisison)
YANG'AT
CABESI(CA-Camels, BE-Bees, SI-Silk)
Ampath Plus(Academic Model for Prevention and Treatment of HIV/AIDS)
AMREF(African Medical Research Foundation)