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Risk Management Strategies and Performance of Civil Society Organizations in Homa Bay County, Kenya

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Abstract

In Kenya, over 60% of NGO-registered NGO's fail to complete their life cycles or perform poorly. For example, in 2015, out of 15 projects registered by eight local NGOs with an expected two-year maturity period, only six in health, youth, and community development achieved positive performance. This study examines the relationship between risk management strategies and organizational performance of CSOs in Homa Bay County, Kenya. The study is guided by two primary objectives: To establish the influence of risk identification on organizational performance of CSOs, and to assess the influence of risk governance on organizational performance of CSOs in Homa Bay County, Kenya. Two primary theories, Stakeholder Theory and Agency Theory, guided the study. A descriptive research design is adopted, employing both qualitative and quantitative methods to collect and analyze data. The target population consisted of strategic leaders, such as CEOs, board members/committee members, Functional managers from 142 organizations totaling to 574 respondents. Using Slovin's formula, the sample size was 236 respondents. Primary data was collected through structured questionnaires. Secondary data was derived from institutional documents and reports. Descriptive and inferential statistical techniques, including regression and variance analysis, were used to analyze the data, providing insights into how different risk management strategies contribute to the overall organizational performance of CSOs. The study concludes that risk identification has a positive and significant effect on organizational performance of CSOs in Homa Bay County, Kenya. The study also concludes that risk governance has a positive and significant effect on organizational performance of CSOs in Homa Bay County, Kenya. Based on the findings, the study recommends that the management of civil society organizations in Kenya should strengthen risk governance by clearly defining risk oversight roles for the board and senior management and integrating risk management into organizational policies and strategic planning. When boards actively oversee risk through regular reporting, compliance monitoring, and accountability mechanisms, CSOs are better positioned to align risk management with their mission and objectives.

Keywords: *Risk Management Strategies, Risk Identification, Risk Governance, Performance of Civil Society Organizations*

INTRODUCTION

Risk Management Strategies are essential for enhancing the performance and sustainability of Civil Society Organizations (CSOs). Risk management refers to the systematic process of identifying, assessing, mitigating, and monitoring risks that could adversely affect an organization's objectives (Hillson, 2022). Key strategies include risk reduction, which focuses on implementing measures to minimize the likelihood or impact of risks; risk avoidance, which involves altering plans to eliminate potential threats; risk retention, where organizations accept certain risks when the cost of mitigation outweighs the potential impact; and risk sharing, where risks are distributed among multiple parties, such as through partnerships or insurance (Kaplan & Mikes, 2023).

Recent data from Homa Bay County indicates that CSOs with robust risk management frameworks have reported higher project success rates, with over 75% of projects achieving their intended outcomes within the projected timelines (Homa Bay County Annual Development Plan, 2023). Organizations such as the Homa Bay Community Development Initiative, the Lake Victoria Basin CSO Network, and the Rangwe Women Empowerment Group have demonstrated significant improvements in service delivery and stakeholder engagement through effective risk management practices.

According to Lewis and Kanji (2021), PBOs have evolved into key actors in the development landscape, with their role in promoting sustainable development and social equity becoming even more pronounced. In this context, the adoption of effective risk management strategies is vital for improving the performance and sustainability of CSOs. Organizational performance refers to the overall effectiveness and success of a company in achieving its goals and objectives. It includes factors such as productivity, profitability, customer satisfaction, innovation, and employee retention (Robianto et al. 2020).

Effective risk management is crucial for organizational performance. Organizations that proactively identify, assess, and mitigate risks are more likely to achieve their strategic objectives, improve efficiency, and reduce costs, ultimately leading to enhanced performance. Conversely, a lack of effective risk management can lead to financial losses, reputational damage, and operational disruptions, hindering organizational progress (COSO, 2017).

Homa Bay County, with its significant geographical coverage of 3,154 square kilometres and a population of 1,131,950 people, faces substantial socio-economic challenges, particularly marked by a poverty incidence of 34.5% as of 2020. This demographic and economic context has created a complex operating environment for Civil Society Organizations (CSOs) and Public Benefit Organizations (PBOs), necessitating robust risk management strategies and adaptive project implementation approaches (Odhiambo & Kungu, 2020). The county's unique challenges have attracted numerous organizations seeking to address these multifaceted issues, though operational sustainability remains a persistent concern.

The county's health indicators present particularly pressing challenges, with an HIV prevalence rate of 19.6% - four times the national average of 4.9% - alongside high rates of Tuberculosis, Malaria, and teenage pregnancies. These health challenges have spawned a proliferation of specialized CSOs and PBOs focused on health interventions, each developing targeted risk management frameworks to enhance project effectiveness. Organizations working in the health sector have demonstrated varying levels of success in project implementation, largely influenced

by their capacity to navigate both programmatic and operational risks while maintaining service delivery quality (Ouma & Nyongo, 2021).

The mushrooming of PBOs in response to these challenges has created a dynamic but competitive environment for resource mobilization and project implementation. Organizations have developed diverse funding strategies and risk mitigation approaches to ensure project sustainability and impact. Success factors include strong community engagement, effective partnership building, and adaptive management strategies that respond to changing local contexts and emerging challenges. However, the high concentration of organizations has also led to concerns about coordination, resource optimization, and impact measurement (Tugyetwena, 2023).

Looking forward, the effectiveness of CSOs and PBOs in addressing Homa Bay County's challenges increasingly depends on their ability to develop integrated risk management frameworks that balance donor requirements with local needs. Organizations demonstrating strong risk assessment capabilities, combined with effective community engagement strategies, have shown better project performance outcomes (Samson et al., 2024). The sector continues to evolve, with emerging emphasis on sustainable funding models, enhanced coordination mechanisms, and improved impact measurement systems to ensure more effective interventions in addressing the county's pressing social and health challenges.

Statement of the Problem

NGOs contribute significantly to global development by providing essential services like healthcare and education, advocating for human rights and policy change, building community capacity and acting as watchdogs for accountability (World Bank, 2020). NGO performance determines its success, influenced by factors such as project complexity, contracting arrangements, stakeholder relationships, managerial skills, and the capabilities of involved parties. However, NGOs often face challenges in achieving well-performing projects despite strong initial efforts (Odhiambo & Achieng, 2023). In Kenya, over 60% of NGO-registered NGO’s fail to complete their life cycles or perform poorly. For example, in 2015, out of 15 projects registered by eight local NGOs with an expected two-year maturity period, only six in health, youth, and community development achieved positive performance. Similarly, in 2016, only eight out of 21 registered projects showed satisfactory performance by their expected maturity in 2017 (KNBS, 2023).

Reports from the NGO Coordination Board indicate that despite NGOs spending amounts equivalent to 10% of Kenya’s annual budget, financial mismanagement complaints persist. Over half (54%) of these complaints originate from NGO officials, with internal investigations confirming 20% of the reported cases. Robinson (2024) found that " Challenges and prospects of Civil Society Organizations in Enhancement of Sustainable Livelihoods and Environmental Conservation in Homa Bay County" identified several socio-economic and environmental issues hindering development. The study revealed that persistent poverty (90.1%), poor health (78.4%), cultural practices (62.0%), and food insecurity (54.3%) were prevalent challenges. Despite the presence of CSOs, these issues persisted, highlighting the need for more effective and coordinated interventions.

Effective risk management is crucial for organizational performance. Organizations that proactively identify, assess, and mitigate risks are more likely to achieve their strategic objectives, improve efficiency, and reduce costs, ultimately leading to enhanced performance.

Conversely, a lack of effective risk management can lead to financial losses, reputational damage, and operational disruptions, hindering organizational progress (COSO, 2023).
Organizations demonstrating strong risk assessment capabilities, combined with effective community engagement strategies, have shown better project performance outcomes (Onyango & Opiyo, 2023). Hopkin (2023) posits that risk identification defines the roles and responsibilities of the people responsible for identification, reporting and documenting risks. They guide and standardize the risk identification process as well as specifying the tools to be used. Hopkin (2018) argues that organizations that frequently evaluate their risk profiles, decision makers have current risk information to guide strategy, planning, and resource allocation.
Hopkin (2023) argues that without adequate resources, even the best risk mitigation plans would fail or be inconsistently applied. ISO (2023) argues that in absence of defined roles, risk governance would lack clarity, coordination, and accountability, weakening the overall risk management framework. Risk governance relies on effective oversight to ensure risks are being properly managed, reported, and escalated where necessary (Frigo & Anderson, 2022; ISO, 2023). Owing to the above issues, the study examined the influence of risk management strategies and organizational performance of CSOs in Homa Bay County, Kenya

General Objective

The main research objective is to examine the relationship between risk management strategies and organizational performance of CSO's in Homa Bay County, Kenya.

Specific Objectives

i. To establish the influence of risk identification on organizational performance of CSOs in Homa Bay County, Kenya.
ii. To assess the influence of risk governance on organizational performance of CSOs in Homa Bay County, Kenya.

LITERATURE REVIEW

Theoretical Review

A theory is a systematic explanation of the relationship among phenomena that provides a generalized explanation to an occurrence (Smyth, 2019). This study was anchored on Stakeholder Theory and Agency Theory.

Stakeholder Theory

Stakeholder Theory is a framework in management and ethics that emphasizes the importance of considering all parties affected by a company's actions, not just its shareholders. Developed by Edward Freeman (1984), the theory posits that businesses operate within a network of relationships that includes various stakeholders—such as employees, customers, suppliers, communities, and investors (Dewi et al. 2022). By acknowledging these stakeholders and their interests, organizations can create more sustainable and ethically sound business practices. The central idea is that businesses should strive to create value for all stakeholders rather than focusing solely on maximizing shareholder profit. A key aspect of Stakeholder Theory is the identification and prioritization of stakeholders based on their influence and the significance of their interests (Adeoye et al. 2024).
Stakeholders can be categorized into primary and secondary groups. Primary stakeholders are those whose direct involvement is essential for the company's survival, such as employees and customers (Kabutiei et al. 2022). Secondary stakeholders may include groups like the media,

advocacy organizations, and government entities, which can influence or be affected by the organization's activities. Understanding the dynamics among these different stakeholders helps organizations make informed decisions that consider a wider array of perspectives and potential impacts (Lagat, 2023). Stakeholder Theory also highlights the ethical responsibility of businesses to engage with their stakeholders transparently and fairly. This engagement fosters trust and collaboration, which can lead to better outcomes for all parties involved. The theory suggests that businesses should actively seek feedback from stakeholders and incorporate their views into decision-making processes. By doing so, companies not only enhance their social license to operate but also strengthen their long-term viability and reputation (Mburu, Ngugi & Ogollah, 2024). This theory was used to establish the influence of risk identification on organizational performance of CSOs in Homa Bay County, Kenya.

Agency Theory

Agency Theory founded by Jensen and Meckling (1976), is a foundational concept in economics and organizational management that explores the relationship between principals and agents. Principals are individuals or entities that delegate authority, such as shareholders or owners of a company, while agents are those who are hired to act on behalf of the principals, such as managers or executives (Eh Poon et al., 2024). The theory addresses the challenges that arise from this principal-agent relationship, particularly issues related to information asymmetry, where agents typically possess more information about the day-to-day operations and decision-making processes than the principals do. This imbalance can lead to conflicts of interest, as agents may prioritize their personal goals over those of the principals, potentially resulting in agency costs (Sangwa & Dushimimana, 2023).

One of the central tenets of Agency Theory is the notion of aligning interests between principals and agents. To mitigate the risks associated with divergent goals, principals often implement various mechanisms, such as performance-based incentives, contracts, and monitoring systems (Gatehi et al. 2025). For example, performance bonuses or stock options can motivate managers to act in the best interests of shareholders by tying their compensation to the company's financial performance. Additionally, regular audits and oversight can help ensure that agents are held accountable for their actions, thus reducing the likelihood of opportunistic behavior (Mutai, 2024). These strategies aim to minimize agency costs, which are the costs incurred from the potential misalignment of interests. Agency Theory also highlights the importance of governance structures in organizations. Effective governance can facilitate better alignment between principals and agents, enhancing overall organizational performance (Mbaru, 2023). This includes the establishment of a board of directors that acts on behalf of shareholders to oversee management activities and ensure that agents are acting in the best interests of the organization. Strong governance practices can help build trust and transparency, reducing the likelihood of agency-related conflicts and fostering a more cohesive working environment (Tewu et al., 2024). This theory was used to assess the influence of risk governance on organizational performance of CSOs in Homa Bay County, Kenya.

Conceptual Framework

Orodho (2022) describes a conceptual framework as a graphic or diagrammatic illustration of the linkages among study variables. Functioning as a compass for the investigation, the conceptual framework guides the research journey towards discovering solutions to the puzzles posed by the

research questions. Expounding on the idea, Kothari (2019) states that a variable represents a measurable feature exhibiting varied numerical values across the sample.

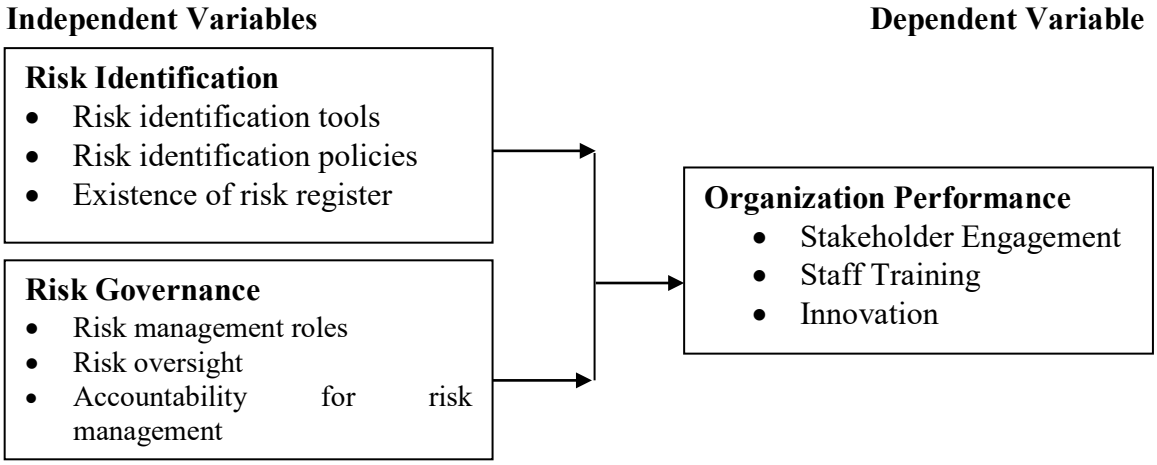

Figure 1: Conceptual Framework

Risk Identification

Risk identification is the proactive process of uncovering potential events or conditions that may negatively affect an organization's objectives. It involves a thorough analysis of both internal processes and external environments to spot threats early (Dewi, Latief & Sagita, 2022). Internal risks might arise from operational inefficiencies, poor governance, or outdated technology, while external risks could stem from market shifts, regulatory changes, or geopolitical events. Risk prioritization follows the identification process and helps determine which risks need immediate attention versus those that can be monitored or deferred. It involves ranking risks based on criteria such as likelihood of occurrence, severity of impact, and the speed of onset (Kabutiei, Nyang'au & Wanjala, 2022).

Risk evaluation reports serve as the official documentation of the risk identification and prioritization process. These reports provide a detailed snapshot of current and emerging risks, their potential impacts, affected departments, and any initial mitigation steps (Mburu, Ngugi & Ogollah, 2024). They often include risk heat maps, tables, and executive summaries to communicate findings effectively to stakeholders. The frequency of risk evaluation ensures that the organization remains vigilant in the face of change. Risks are not static; they evolve as business environments, technologies, and external regulations shift (Adeoye et al., 2024). Regular evaluations—typically performed quarterly or semi-annually—allow for the timely identification of new risks and reassessment of existing ones.

Risk Governance

Risk governance refers to the structured approach an organization uses to oversee and direct risk management activities. It ensures that risk management is embedded within the strategic and operational fabric of the organization, supported by policies, procedures, and cultural norms (Eh Poon et al., 2024). Governance frameworks define how risks are identified, reported, mitigated, and monitored, and they foster a risk-aware culture that encourages transparency and accountability. A strong governance framework is often guided by principles from standards such as ISO 31000 or COSO ERM (Egiyi & Eze, 2022). Risk management roles are clearly defined under governance to ensure that everyone understands their responsibilities. The board

of directors is typically responsible for oversight, while executive leadership translates strategy into operational risk management (Njenga & Osiemo, 2023).

Risk oversight involves monitoring risk activities, assessing the effectiveness of risk controls, and ensuring alignment with strategic objectives (Njuguna, 2022). Oversight is typically carried out by the risk committee or board-level subcommittees, which receive periodic reports on key risk indicators and emerging issues. These bodies review mitigation plans, approve risk limits, and provide direction when new or complex risks arise. Strong oversight ensures that risk management remains an ongoing priority and is not sidelined by short-term operational concerns (Eh Poon et al., 2024). Accountability for risk management is fundamental to effective governance. Organizations establish accountability mechanisms through performance evaluations, risk-adjusted incentives, and reporting structures (Egiyi & Eze, 2022). Risk owners are designated for each risk, responsible for its identification, mitigation, and monitoring. If a risk materializes due to negligence or failure to act, the responsible party is held accountable.

Empirical Review

Risk identification and Organization Performance

Dewi et al. (2022) conducted a case study on activity and risk identification in the audit process on integrated management system to increase performance efficiency of construction services organization in Indonesia. This study uses the respondent's survey strategy to identify activities, objectives, and risks and uses a case study strategy to find out the dominant risk management strategies. The results of this study show that the dominant risk in the audit process in an integrated management system is divided into two parts, those that originate from the audit program and originate from the high level structure. Things that must be considered in carrying out activities that can pose a dominant risk are organizational management, communication within the organization, the responsibilities of every individual in the organization for the organization, understanding of integrated management systems and how to apply them properly. The study concluded that risk identification has a significant influence on organization performance.

Adeoye et al. (2024) assessed business risk identification strategies and organisational survival of selected small and medium-sized enterprises (SMEs) in Lagos State, Nigeria. The study used a survey approach combined with multiphase sampling techniques that included convenience and purposive sampling. Data were collected from the chosen registered SMEs using a structured questionnaire. The sample size of two hundred and eighty-three (283) was estimated. Findings showcased the positive relationship between business risks control strategies and organizational survival among SMEs in Lagos. The study concluded that SMEs should regularly carry out thorough risk assessments in order to detect possible internal and external hazards.

Kabutiei et al. (2022) researched on the relationship between risk identification and the performance of national irrigation authority projects in Kenya. This study adopted a descriptive research design and a positivism research philosophy. The target population of this study was the staff in all the 8 irrigations schemes under the National Irrigation Board. The study used a questionnaire for data collection. Primary data was collected using structured questionnaires and data was analyzed using SPSS. The study used stratified random sampling to select 205 staff from the target population. Proportionate sampling was used to select the number of staff per category. The study found that risk identification is statistically significant in explaining performance of NIA projects in Kenya. This indicates that risk identification positively and

significantly relates with performance of NIA projects in Kenya. Based on the findings, the study concludes that improving risk identification would lead to an increase in performance of NIA projects in Kenya.

Risk Governance and Organization Performance

Eh Poon et al. (2024) researched the effect of enterprise risk governance (ERG) implementation on SMEs performance in Malaysia. The effect primary data were administered through questionnaires among 312 respondents from the main contributing sectors of SMEs; agriculture, construction, mining and quarrying, services and manufacturing across all states in Malaysia. of enterprise risk monitoring (ERM) implementation on SMEs performance in Malaysia. The information was gathered from a questionnaire of 312 respondents and there are only 177 respondents with the view that their company implemented ERM, whereas the remaining 135 do not think their company implements ERM. The study found that several elements of ERM such as goal setting, event identification, control environment, control activity, information and communication, and monitoring were rated as insignificant. The study concluded that risk governance has a positive impact on the performance of SMEs.

Egiyi and Eze (2022) researched on the influence of risk governance on organizational efficiency. SPSS 28.0 was used to perform data analysis techniques such as correlation and regression analysis on the data. Each organization responded to questionnaires using google forms. The questionnaire is designed with 5 Likert scale points. The result of the study shows that risk analysis, evaluation of risk, the threat of risk, and monitoring and review of risk has a statistically significant positive effect on organizational efficiency. However, identification of risk was not statistically significant; hence it does not affect organizational efficiency. The study concluded that banks in Nigeria should monitor their loans and advances and avoid a mismatch between their assets and liabilities to safeguard their banks from failures.

Kakiya et al. (2024) assessed the influence of enterprise risk governance on organizational performance: evidence from Kenyan state corporations. This study was guided by agency theory. The study used explanatory cross-sectional survey design. Primary data was collected from structured questionnaires. A survey was carried out on 218 state corporations in Kenya. Data collected was analyzed by use of descriptive and inferential statistics. The research hypotheses were tested using multiple regression analysis. The results revealed that risk structure, governance and process practices had a positive and significant effect on organizational performance. The study concluded that risk governance has a significant influence on organization performance.

RESEARCH METHODOLOGY

Research Design

A research design is the road map or guide on how a field study is carried out (Cooper & Schindler, 2018). This study utilized a descriptive research design, which is defined as a structured plan and strategy for investigating research questions while controlling for variance. According to recent studies, descriptive research involves collecting information through interviews or questionnaires administered to a sample of individuals (Bell & O'Hare, 2019).

Target Population

According to Creswell and Hirose (2018), the target population refers to the specific group of elements that researchers focus on and to which findings from the study can be generalized. A population encompasses a complete set of individuals, cases, or objects that share common

observable characteristics (Mugenda & Mugenda, 2019). In this study, the target population consisted of 142 registered civil society organizations in Homa Bay County. This population formed the basis for drawing inferences and conclusions. The study's respondents included strategic leaders, such as CEOs, board members/committee members, Functional managers from these 142 organizations totaling to 574. The unit of analysis was 142 Civil Society Organizations while the unit of observation was 574 respondents comprising of CEOs, board members/committee members, and functional managers.

Table 1: Target Population

Category	Population (N)
CEO	142
Board members/Committee	142
Functional Managers	290
Total	**574**

Sample size and Sample Technique

A sample is a subset of a population selected to participate in a study (Anderson & Gonzalez, 2019). The sample size formula is required to determine whether a correlation coefficient differs from zero. Using Slovin's formula as follows:

n=N1+N(e)2n = \frac{N}{1 + N(e)^2}n=1+N(e)2N

Where:

- n is the sample size
- N is the population size (in this case, 574)
- e is the margin of error (usually between 0.05 and 0.1, depending on how confident you want to be about the sample size accuracy)

With margin of error of 5% (0.05), the sample size for a population of 574 was approximately 236.

Table 2: Sample Size

Category	Population (N)	Sample Size
CEO	142	58
Board members/Committee	142	58
Functional Managers	290	120
Total	**574**	**236**

Sampling frame

A sample frame is a list containing all the sampling units (Tracy, 2019). It is from this list that items in the sample are drawn. The most straight forward type of frame is a list of elements of the population with appropriate contact information. A Sampling frame is a list, directory or index of cases from which a sample can be selected (Johnson & Christensen, 2019). In this study, the sampling frame was the list of CEO, Board members/Committee members and functional managers in the Civil society organizations in Homa Bay County, Kenya.

Data Collection Instruments

Mertens (2018) defines research instruments as tools employed for data collection in a study. The choice of these tools depends on the study's nature, the type of data to be collected, and the targeted population. This study collected both secondary and primary data. Secondary data was gathered from journals, books, and other published academic references. Schedule sheets were utilized as a tool for organizing and analyzing the secondary data.

Data collection

For primary data collection, questionnaires were employed. A questionnaire is a standardized tool designed to gather data, enabling measurement for or against a particular perspective (Gray, 2019). It ensures objectivity and consistency in surveys by providing written responses to written questions. Structured, as well as open- and closed-ended questions, were incorporated to collect data from the field. The questionnaires targeted various employee cadres within the Civil Society Organizations (CSOs).

Secondary data was derived from journals, books, organizational and board reports, publications, and credible online sources to provide collaborative evidence and information related to risk management strategies and performance of CSOs.

Pilot Test

The pilot study enabled the researcher to access the clarity of the instrument and its ease of use. According to Hennink & Bailey (2019), pre-testing allows errors to be discovered before the actual collection of data begins. Kothari (2017) argues that before using a questionnaire as a data collection tool, it is always advisable to conduct pilot study. This helps to bring into light the weaknesses (if any) of the questionnaire and the experience gained in this way can be used to effect improvement. Prior to the survey administration, the researcher distributed (17) questionnaires for pre-testing, which is 10% of the target population. The reliability of the questionnaire was improved through pretesting of pilot samples from lecturers.

Data Analysis and Presentation

The study used SPSS version 29 to analyze qualitative and quantitative data. The qualitative data was analyzed using descriptive analysis and quantitative data was analyzed using inferential statistics. The regression model was as follows;

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \mathscr{E}}$$

Where; Y = organizational Performance

β_0 = Constant

X_1 = Risk identification

X_2 = Risk governance,

$\mathscr{E}$= Error Term

FINDINGS AND DISCUSSIONS

Descriptive Statistics

Risk Identification and Organization Performance

The first specific objective of the study was to establish the influence of risk identification on organizational performance of CSOs in Homa Bay County, Kenya. The respondents were requested to indicate their level of agreement on statements relating to risk identification and organizational performance of CSOs in Homa Bay County, Kenya. The results were as presented in Table 3.

From the results, the respondents agreed that their organization has structured tools that to identify potential risks (M=3.844, SD= 0.902). In addition, the respondents agreed that staff are trained on the use of tools to identify potential risks at the work place (M=3.832, SD= 0.888). Further, the respondents agreed that there are formal organizational policies that guide how risks are identified (M=3.828, SD=0.523). The respondents also agreed that their organization effectively identifies potential risks at the outset of each project (M=3.815, SD=0.580). In

addition, the respondents agreed that risk identification policies are known and communicated regularly to staff (M=3.809, SD=0.634).

From the results, the respondents agreed that risk identification policies are updated and reviewed regularly (M=3.783, SD= 0.777). In addition, the respondents agreed that management enforces compliance with organization's risk identification policies (M=3.766, SD= 0.710). Further, the respondents agreed that their organization has risk registers in place (M=3.751, SD=0.511). The respondents also agreed that all risks are recorded in the risk register ensuring proper documentation and traceability (M=3.745, SD=0.804).

The findings are in line with those of Dewi et al. (2022), who argued that systematic and structured risk identification enhances organizational performance by enabling early detection and proactive management of potential threats. In addition, Adeoye et al. (2024) argued that organizations with formal risk identification policies, trained staff, and well-maintained risk registers are better positioned to minimize uncertainties and improve project outcomes. Similarly, Lagat (2023) argued that effective enterprise risk management practices, particularly robust risk identification frameworks, are positively associated with improved organizational performance.

Table 3: Risk Identification and Organization Performance

	Mean	**Std. Deviation**
Our organization has structured tools that to identify potential risks	3.844	0.902
Staff are trained on the use of tools to identify potential risks at the work place	3.832	0.888
There are formal organizational policies that guide how risks are identified.	3.828	0.523
Our organization effectively identifies potential risks at the outset of each project.	3.815	0.580
Risk identification policies are known and communicated regularly to staff	3.809	0.634
Risk identification policies are updated and reviewed regularly	3.783	0.777
Management enforces compliance with organization's risk identification policies	3.766	0.710
Our organization has risk registers in place	3.751	0.511
All risks are recorded in the risk register ensuring proper documentation and traceability	3.745	0.804
Aggregate	**3.797**	**0.703**

The respondents were further requested to indicate how else risk identification influence organizational performance of CSOs in Homa Bay County, Kenya. From the results, the respondents indicated that by systematically identifying financial, operational, reputational, and compliance-related risks at an early stage, CSOs are able to put in place appropriate mitigation measures that minimize disruptions to project implementation. This proactive approach reduces incidences of project delays, cost overruns, and service interruptions, thereby improving efficiency and increasing the likelihood of achieving program objectives within the planned time and budget. As a result, organizations that prioritize risk identification are better positioned to deliver consistent and reliable services to their target communities.

Further, the respondents indicated that risk identification positively influences organizational performance by strengthening accountability, stakeholder confidence, and institutional sustainability. When potential risks are clearly identified and communicated, management and boards are able to enhance internal controls, comply with donor and regulatory requirements, and improve transparency in operations. This, in turn, builds trust among donors, beneficiaries, and government agencies, leading to improved funding prospects and stronger partnerships. Consequently, effective risk identification contributes to the long-term sustainability of CSOs in Homa Bay County by safeguarding organizational reputation, supporting informed strategic planning, and enhancing resilience in a dynamic operating environment.

Risk Governance and Organization Performance

The second specific objective of the study was to assess the influence of risk governance on organizational performance of CSOs in Homa Bay County, Kenya. The respondents were requested to indicate their level of agreement on various statements relating to risk governance and organizational performance of CSOs in Homa Bay County, Kenya. The results were as presented in Table 4.

From the results, the respondents agreed that their organization has clearly defined roles and responsibilities for risk management (M=3.874, SD= 0.582). In addition, the respondents agreed that risk management roles are integrated into staff job descriptions and key performance indicators (M=3.866, SD= 0.811). Further, the respondents agreed that staff members are trained on their roles in identifying and managing risks (M=3.851, SD=0.771). The respondents also agreed that their organization has formal structures in place to oversee risk management (M=3.848, SD=0.780). In addition, the respondents agreed that senior management provides effective oversight of risk management activities (M=3.833, SD=0.684).

From the results, the respondents agreed that the board of directors regularly reviews the organization's risk management practices (M=3.825, SD= 0.737). In addition, the respondents agreed that their organization has clear lines of accountability for risk management within the organization (M=3.818, SD= 0.536). Further, the respondents agreed that failures in risk management are investigated, and responsible parties are held accountable (M=3.801, SD=0.844). The respondents also agreed that managers are held accountable for addressing risks in their areas of responsibility (M=3.790, SD=0.754).

The findings are in line with those of Eh Poon et al. (2024) who argued that effective risk governance characterized by clear roles, accountability structures, and strong oversight enhances organizational performance by strengthening control and strategic alignment. In addition, Egiyi and Eze (2022) argued that integrating risk management responsibilities into job descriptions and performance indicators promotes ownership and improves organizational outcomes. Similarly, Njenga and Osiemo (2023) argued that strong board oversight and formal governance structures in risk management are positively associated with improved organizational performance.

Table 4: Risk Governance and Organization Performance

	Mean	Std. Deviation
Our organization has clearly defined roles and responsibilities for risk management	3.874	0.582
Risk management roles are integrated into staff job descriptions and key performance indicators.	3.866	0.811

Staff members are trained on their roles in identifying and managing risks	3.851	0.771
Our organization has formal structures in place to oversee risk management.	3.848	0.780
Senior management provides effective oversight of risk management activities.	3.833	0.684
The board of directors regularly reviews the organization's risk management practices.	3.825	0.737
Our organization has clear lines of accountability for risk management within the organization.	3.818	0.536
Failures in risk management are investigated, and responsible parties are held accountable	3.801	0.844
Managers are held accountable for addressing risks in their areas of responsibility	3.790	0.754
Aggregate	**3.834**	**0.722**

The respondents were further requested to indicate how else risk governance influence organizational performance of CSOs in Homa Bay County, Kenya. From the results, the respondents indicated that clear governance structures such as active board involvement, well-defined risk management policies, and designated risk oversight committees ensure that risk considerations are integrated into strategic planning and decision-making processes. This alignment improves coordination across organizational levels, reduces exposure to governance and compliance risks, and enhances the effectiveness of program implementation, ultimately leading to improved organizational performance.

In addition, the respondents indicated that effective risk governance promotes transparency, ethical conduct, and stakeholder confidence within CSOs. By establishing clear roles, reporting mechanisms, and performance monitoring frameworks for risk management, organizations are better able to detect emerging risks, enforce compliance, and uphold donor and regulatory standards. This fosters trust among donors, beneficiaries, and partners, enhances organizational reputation, and supports sustainable funding and partnerships.

Inferential Statistics

Inferential statistics in the current study focused on correlation and regression analysis. Correlation analysis was used to determine the strength of the relationship, while regression analysis was used to determine the relationship between the dependent variable (organizational performance of CSOs in Homa Bay County, Kenya) and the independent variables (risk identification and risk governance).

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (risk identification and risk governance) and the dependent variable (organizational performance of CSOs in Homa Bay County, Kenya). Pearson correlation coefficient ranges between zero and one, where by the strength of the association increases with an increase in the value of the correlation coefficient.

Table 5: Correlation Coefficients

	Organization Performance	Risk Identification	Risk Governance

Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	193		
Risk Identification	Pearson Correlation	.845**	1	
	Sig. (2-tailed)	.001		
	N	193	193	
Risk Governance	Pearson Correlation	.854**	.154	1
	Sig. (2-tailed)	.000	.034	
	N	193	193	193

**. Correlation is significant at the 0.01 level (2-tailed).

From the results, there was a very strong relationship between risk identification and organizational performance of CSOs in Homa Bay County, Kenya (r = 0. 845, p value =0.001). The relationship was significant since the p-value 0.001 was less than 0.05 (significance level). The findings are in line with the findings of Dewi et al. (2022), who indicated that there is a very strong relationship between risk identification and organization performance.

The results also revealed that there was a very strong relationship between risk governance and organizational performance of CSOs in Homa Bay County, Kenya (r = 0.854, p-value =0.000). The relationship was significant since the p-value 0.000 was less than 0.05 (significance level). The findings are in line with the results of Eh Poon et al. (2024), who revealed that there is a very strong relationship between risk governance and organization performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (risk identification and risk governance) and the dependent variable (organizational performance of CSOs in Homa Bay County, Kenya)

Table 6: Model Summary

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.821	.674	.673	.10120

a. Predictors: (Constant), risk identification and risk governance

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The R-squared for the relationship between the independent variables and the dependent variable was 0.674. This implied that 67.4% of the variation in the dependent variable (organizational performance of CSOs in Homa Bay County, Kenya) could be explained by independent variables (risk identification and risk governance).

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.054	2	36.027	196.869	.000[b]
	Residual	34.814	190	.183		
	Total	106.868	192			

a. Dependent Variable: organizational performance of CSOs in Homa Bay County, Kenya

b. Predictors: (Constant), risk identification and risk governance

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 196.869 while the F critical was 3.043. The p-value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered a good fit for the data. Therefore, the model can be used to predict the influence of risk identification and risk governance on organizational performance of CSOs in Homa Bay County, Kenya.

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.288	0.075		3.840	0.000
	risk identification	0.355	0.093	0.356	3.817	0.001
	risk governance	0.364	0.095	0.363	3.832	0.000

a Dependent Variable: organizational performance of CSOs in Homa Bay County, Kenya

The regression model was as follows:

$$\mathbf{Y = 0.288+0.355X_1 + 0.364X_2 + \varepsilon}$$

According to the results, risk identification has a significant effect on organizational performance of CSOs in Homa Bay County, Kenya (β_1=0.355, p value= 0.001). The relationship was considered significant since the p-value 0.001 was less than the significance level of 0.05. The findings are in line with the findings of Dewi et al. (2022), who indicated that there is a very strong relationship between risk identification and organization performance.

In addition, the results revealed that risk governance has a significant effect on organizational performance of CSOs in Homa Bay County, Kenya (β1=0.364, p value= 0.000). The relationship was considered significant since the p-value 0.000 was less than the significance level of 0.05. The findings are in line with the results of Eh Poon et al. (2024), who revealed that there is a very strong relationship between risk governance and organization performance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concludes that risk identification has a positive and significant effect on organizational performance of CSOs in Homa Bay County, Kenya. Findings revealed that risk identification tools, risk identification policies and the existence of risk register influence organizational performance of CSOs in Homa Bay County, Kenya.

The study also concludes that risk governance has a positive and significant effect on organizational performance of CSOs in Homa Bay County, Kenya. Findings revealed that risk management roles, risk oversight and accountability for risk management influence organizational performance of CSOs in Homa Bay County, Kenya.

Recommendations

The study recommends that the management of civil society organizations in Kenya should institutionalize a structured and participatory risk identification process that involves staff, board members, and key community stakeholders. By regularly conducting risk assessments through workshops, stakeholder consultations, and environmental scanning, CSOs can proactively

identify operational, financial, governance and external risks before they escalate into major challenges.

The study also recommends that the management of civil society organizations in Kenya should strengthen risk governance by clearly defining risk oversight roles for the board and senior management and integrating risk management into organizational policies and strategic planning. When boards actively oversee risk through regular reporting, compliance monitoring, and accountability mechanisms, CSOs are better positioned to align risk management with their mission and objectives.

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