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Analysis on Effect of Risk Rentention on Performance of Savings and Credit Cooperative Societies in Nakuru County, Kenya

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Abstract:
Savings and Credit Co-operatives Societies (SACCOs) are in the business of safeguarding money and other valuables for their members besides providing loans and offering investment financial services. Credit creation is the main income generating activity for the SACCOs. But this activity involves huge risks to both the lender and the borrower. The researcher carried out this study to establish the effect of risk retention on performance of SACCO's in Nakuru County, Kenya. This study adopted descriptive survey research design. The target population of this study was 165 credit, finance and management staff working with Saccos in Nakuru County. To draw the 63 study respondents from the targeted population, simple random sampling method was utilized. The data collection instrument used in the study was questionnaires. The statistical tool for the analysis was Statistical Package for the Social Sciences (SPSS) version 25. Presentation was done in form of tables. It was concluded that risk retention has a positive effect on performance of Saccos. The study also concluded that identifying and retaining risk plays the most important role in the performance of an organization. Therefore, risk retention is a major starting point in the risk management process. The study also concluded that, in the Sacco's, there are internal staff members who are qualified and are in a position to determine when to retain the risk and when not to. The Sacco distribute the risk to its members thus preventing it from directly affecting the business, this has enabled the Sacco's to relive their goals and objectives.

Keywords: *Risk management, risk retention and organization performance*

1. Introduction

Organizational performance should be related to factors such as profitability, improved service delivery, customer satisfaction, market share growth, and improved productivity and sales (Richard 2009). Organizational performance is therefore affected by a multiplicity of individuals, group, and task, technological, structural, managerial and environmental factors. Increasing organizational performance is a goal every organization is pursuing. Organizational performance can be most simply defined as company performance compared to goals and objective. Wu & Liu, (2010). Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations (Yuchtman & Seashore, 2014).

According to Chapman and Cooper (2009), risk is the possibility of suffering economic and financial losses or physical material damages, as a result of an inherent uncertainty associated with the action taken. Risk management process entail four key steps. These include risk identification, risk analysis and measurement, selection of appropriate combination of techniques to treat loss exposures, and lastly implementation and monitoring risk management program (Rejda, 2011). Dorfman (2014) defines risk as the variation in possible outcomes of events based on risk, hence the greater the number of different outcomes that may occur, the greater the risk and (Harrington, 2015) states that at its most general level, risk is used to describe any situation where there is uncertainty about what outcome will occur.

Various issues such as the capital adequacy levels in the institution system, the role of rating agencies in financial regulation and the fair-value assessment of financial institutions assets are the most debated ones. In response to these crises, significant reformations have been carried out in the financial regulatory system. However, several issues such as lack of risk sensitive measures of the creditworthiness and weak incentives to strengthen risk management system emerge as shortcomings. (Porvali, 1993).

A risk management strategy provides a structured and coherent approach to identifying, assessing and managing risk. The purpose of the Risk Management Strategy is to outline the minimum requirements and approach for risk managements, in order to address the requirements of the risk policies, (Lari, 2009). Viiru (2008) looked at risk management practices at Kenya Power and Lighting Company Ltd and found out that the institution was most affected by risk due to liquidity exposures. Ondieki (2011) looked into the effects of external financing on the performance of SACCOs in Kisii District and observed that major challenges inherent in the cooperative movement in Kenya included: poor governance, limited transparency in management of cooperatives, weak capital base and infrastructure weakness including ICT.

A Savings and Credit Cooperative (SACCO) is a type of cooperative whose objective is to pool savings for the members and in turn provide them with credit facilities (Lari, 2009). Other objectives of SACCOS are to encourage thrift amongst the members and also to encourage them on the proper management of money and proper investments practices. Whereas in urban areas salary and wage earners have formed Urban SACCOs, in rural areas, farmers have formed Rural SACCOS. There are also traders, transport, jua-kali and community-based SACCOS. Indeed SACCOs, with their diverse products and services, have given a new meaning to the financial sector in Kenya. Their most popular service is that of saving, which has evidently been the surest way to break the vicious cycle of poverty and is fundamental to sustainable economic development (Kuria, 2011).

Risk management is a focal piece of any undertaking organization's vital administration. It is a continuous procedure that proceeds through the term of a project (Gorrod, 2014). It is the path toward decreasing, constraining and controlling the probability of negative occasions just as extending the probability of positive occasions (Gardner, 2015). It is the technique whereby conglomerate address the peril attached to their work with the drive of attaining success with bit of leeway inside each activity and over the game plan everything considered. The point of convergence of good risk the administrators is the distinctive confirmation and proper handling of these risks.

Risk management is a sorted-out approach to manage supervising vulnerabilities through risk study, making frameworks to direct it, and balance of risk through proper utilization of conglomerate resources. The systems join trading to other social affair, evading the risk, lowering the deleterious impacts of risk, thus enduring a couple or most of the aftereffects of a specific peril. Some conventional jeopardy administrations concentrated on peril originating from whose origin was physical or linked to lawful, for example, cataclysmic events or flames, mishaps, passing and claims. (Huizinga and Demirgue, 2009).

Risk management is a focal piece of any task organization's key administration. It is a progressing procedure that proceeds through the duration of an undertaking (Gorrod, 2014). It is the way toward decreasing, limiting and controlling the likelihood of negative events and additionally expanding the likelihood of positive events (Gardner, 2015). It is the system whereby associations purposely address the risks interfacing with their exercises and drive of attaining bolstered advantage inside every exercise and over the course of action everything considered. The point of convergence of good management of risk is the distinctive verification and treatment of these risks. Dorfman (2017) states that there are four sorts of strategies that are used depending upon the component of risk that exists: risk evasion, risk decrease, risk exchange and risk retention.

Risk retention is the decision of an organization to assume responsibility for a particular risk it faces, rather than to exchange the danger to an insurance firm. Conglomerate frequently take risks when they are confident that the cost of doing as such is less than the cost of guaranteeing against it entirely or halfway. On the off risk that an organization holds a specific risk, it should pay for adversities from that possibility out of its own spare stores. Thus, it is huge for associations to guarantee that they can properly remain to pay for potential hardships before they settle on the decision to hold explicit risks. Associations may hold risks if the premiums for ensuring against it are particularly high (Huizinga and Demirgue, 2009). This investigation will focus on the accompanying procedures on the previously mentioned techniques; risk avoidance, risk maintenance, risk transfer and risk reduction.

As indicated by Kotler (2012), performance alludes to satisfaction or the fulfillment of a commitment. Throughout the years, authoritative Performance has for some time been related with the board of researchers and business leaders worldwide. There is an expansive understanding far and wide that as an issue of corporate strategy, each organization endeavors to be submitted in a way that is flourishing and exceptional. It is regularly contended in numerous examples that; it is of principal significance of an organization to fulfill its clients in a way that perceives their broadened needs and utilization of adaptable administrative choice as this will profit the organization particularly over the long haul. Consequently, for an organization to push ahead in the part of performance, it is anyway significant for such an organization to have great comprehension of client needs and furthermore pay attention to it as this can undermine the aggressive quality.

Performance measurement is a basic factor for successful business management for any business course of action. Performance measurement frameworks advance the primary concern by cutting procedure cost and improving efficiency and mission viability (Richard D, 2009). It additionally gives a levelheaded premise to choosing what business process enhancements to make and when. Performance measurement additionally enables directors and officials to recognize best practices in an organization and grow their application in the organization. Performance measurement is likewise basic for authoritative benchmarking against other comparable organizations (Best, 2009).

In 2017 the SACCO Societies paid a normal 6.95% enthusiasm on individuals' stores (investment funds) which was a stamped reduction from the normal rate of 9.7% paid in 2016. In the meantime, the SACCO Societies paid a profit rate on the individuals' offer capital of 8.34% which reflected an expansion from the rate of 7.1% paid in 2016. The normal rate of profits by individuals from SACCO Societies hence added up to 7.48% in 2017, which reflected a reduction from the normal rate of 8.4% paid in 2016.

With respect to all growth performance parameters, the Kenyan DT-SACCO segment remained robust. The DT-SACCOs ' total asset base grew to Kshs 393.49 trillion in 2016, in-contrast to Kshs 342.84 trillion in 2015. This represented a growth rate of 14.8 percent year-on-year and was funded mainly by members ' deposits, which also grew by a similar percentage to reach Kshs 272.57 trillion recorded in 2016 from Kshs 237.44 trillion in the previous year. Loans and advances accounted for a huge proportion of the total assets, representing 73.42 percent of the total assets, up from Kshs 251.08 percent in 2015 to Kshs 288.92 billion in 2016. This represented an annual growth rate of 15.1 percent. On the other hand, the gross loans stood at 297.6 trillion Kshs in 2016, up from 258.18 trillion Kshs in 2015 representing a growth rate of 15.3 percent year-on-year. The DT-SACCO segment's capital reserves also increased from Kshs 50.83 trillion registered in the previous year to Kshs 61.26 trillion.

In Kenya, numerous Organizations have miserably failed in view of undermining the part of business performance. As per (Schindler,2010), Burgand Company which was a legitimate organization with millions peddling in benefits neglected to watch factors influencing performance and lost its demographic to other up and coming organizations since they had esteemed the picture and neglected to accentuation on consumer loyalty through item improvement. This applies to all parts of business condition is applicable to the direct of people and whole organizations (Kreitner, and Kinicki 2017). Jackson, (2017) states that when an organization is brimming with individuals settling on upgraded choices, it makes a culture of uprightness, a steady, positive environment that assembles assurance, cultivates inner and outer dependability and improves morale coming about to extraordinary performance.

Generally, the idea of authoritative performance relies upon the likelihood that an association is the headstrong affiliation of gainful assets, embracing human, physical, and capital resources, to achieve a shared reason (Alchian and Demsetz, 2011). Those giving the focal points will simply submit them to the association in light of the fact that they are content with the regard they receive consequently, in regard to elective businesses of the advantages. Accordingly, the pith of Performance is the generation of noteworthy worth. While the regard made by the use of the contributed assets is identical to or more conspicuous than the regard anticipated by those contributing the merits, the points of interest will continue being made available to the association and the association will continue existing. Along these lines, regard creation, as portrayed by the advantage provider, is the major all in all Performance criteria for any association.

SACCOs works in the financial business whose fundamental line of business is collection of deposits from individuals and dispensing advances to individual loan members. Subsequently, their real source of income is loan interests. Finally, SACCOs has credits as their huge resources' bases. It is of significant to note that, performance is either estimated as far as monetary or non-money related components (Divenney 2008). Performance is the proportion of the benefits of the element since it gauges cost effectiveness in accomplishing the establishments' budgetary objectives. Then again nonperformance estimates involve such parameters as consumer loyalty's, new client obtaining and client's maintenance.

As indicated by Grace (2013), Risk Management affects cost and income proficiency and furthermore representative fulfillment. In this light, Risk Management affects both budgetary and non-money related aftereffects of the substance. This study will consider consumer loyalty as a pillar of performance of SACCOs. This is on the grounds that; with enchanted clients the Sacco will gain new clients because of referrals from effectively existing clients. Therefore, this boosts the amount of deposits available for loans to the members. Where this is the case, the performance of the SACCOs is enhanced. The overall objective of this study is to assess the effect of risk management strategies on performance of SACCO's in Nakuru County, Kenya.

1.1. Statement of the Problem

Organization risk management may be a decent device of protecting an organization against misfortunes that might be brought about by event of risks. In any case, not all organizations have the abilities of setting an unmistakable risk the executive's procedure because of assets and aptitudes prerequisite. In Kenya, SACCOs engaged with deposit taking business are controlled by the SACCO Societies Regulatory Authority (SASRA). Despite the fact that the general performance of SACCOs amid the year 2017 stayed on a moderately solid upward development direction, it is obvious that there was a general loosening of the rate of development contrasted with the earlier year. The total asset portfolio of the SACCOs developed to reach Kshs 442.27 Billion from Kshs 393.29 Billion of every 2016 reflecting 12.4% rate of growth. In the earlier year in any case, the total asset resources developed by 14.8% representing practically 2.4% drop in the growth rate, (SASRA 2017). This demonstrates there is a drop on SACCO's performance, and this may present risk on SACCOs. A couple of studies have been done in Kenya Simiyu (2017) attempted a study on risk the management among microfinance foundations in Kenya. Then again Njiru (2013) conducted a study risk management of coffee cooperatives in Embu District. However, none of these studies have been undertaken on deposit taking SACCOs. It is for this reason that this study will be carried out to establish risk control strategies and performance of SACCO's within Nakuru County, Kenya.

2. Literature Review

2.1. Portfolio Theory

The theory of Modern Portfolio was presented by Markowitz (1959). This theory depends on two crucial bases of vital choices, that is, risk and return. The theory hypothesizes that there must be remuneration as far as returns for expecting a few risks. Financial specialists would consider taking interests in tasks that have return and risks in accordance with their risk profiles. As a standard, this theory considers that it isn't generally that the normal outcomes are acknowledged to the last digit. The model acknowledges that risk is the opportunity of deviation of the genuine comes back from the arranged returns. As indicated by (Chijoriga, 2007), this theory assumes that the financial specialists are reasonable, and the market is effective and very perfect. This implies the speculators are fit for settling on financial choices out of reason rather than instinct. Along these lines, they realize when to contribute or not to contribute and that they can foresee the adjustments in the market. Therefore, it very well may be reasoned that organizations may utilize this theory stipulations to moderate on risks confronting them. As indicated by (Omisore, Munirat and Nwufo, 2012), Modern

Portfolio Theory advocates the broadening of advantages as a risk relieving methodology. All variables held consistent, putting resources into various classes of advantages goes about as a shield in case of volatilities in the market. Put in an unexpected way, this theory urges financial specialists to have an assortment of advantages in their portfolio. Organizations ought to gauge the risks and returns of the different classes of benefits and pick the one that amplifies the part's riches.

Liebenberg and Hoyt, (2003) takes note of that the thought of the organizations all risks in an all-encompassing way controls the association to accomplishing its objectives. This is the essential working of ERM. ERM looks to lessen the instability of organizations procuring, share costs and decreases the expense of capital. This theory is extremely essential to the investigation since it helps in revealing insight into the job of risks in impacting the profits of association execution. Further, it helps on creating bits of knowledge on why management of risk is a significant key objective of organizations, and thus SACCOs are not exempted.

2.2. Empirical Literature Review

In their study, Ploywarin and Song (2014) investigated risk reaction dependent on railroad development venture in Thailand. They isolated risk retention into uninvolved and dynamic risk retention. Dynamic risk retention implies the risk recognized intentionally in an arranged manner, while detached risk retention which the undertaking supervisors don't understand amid the arranging and are prepared to manage it. They likewise discovered that in building development risk retention is generally because of risk investigation of individual blunders and they suggested that risk administration staff ought to do their best to decrease the mistakes of risk recognizable proof and risk assessment. Moreover, they suggested that risk management work force should settle on risk choice and execute these choices on schedule for finish of criticalness and extensive activities.

This is the alternative when the risk can't be exchanged or stayed away from. Be that as it may, it must be controlled in order to decrease its effect (Potts, 2008). As per Thomas (2009), maintenance can likewise be the main decision when different risks the board methodologies are uneconomical. Risk retention it is tied in with tolerating the presence certain condition of risk and definition of genuine goals to permit the related dimension of risk, and not taking any extraordinary treatment to control it (Kerzner, 2003). Likewise, any proportion of likely misfortune over the safeguarded absolute called held risk.

The best arrangement is to hold the risk when a risk cannot be swapped or assumed. So as to limit the impact of its event, the risk ought to be managed for this situation, maintenance can may also be an option when other arrangements are not economical, and by having an overview of the whole venture, it is difficult to recognize constraints that cause harm. The uncovered regions ought to be modified when there is need to lower the peril perimeters (Mikaela, 2011). This is a method by moderating their probability to limit potential risks (Ropel, 2011). One approach to decreasing opportunities is to encompass utilization which can propound long-term benefits. Those perils that should be reduced and conveyed to parties that have gradually adjusted assets and results information (Ropel, 2011). By participating with different gatherings, sharing can also be an option. One bank of a SACCO cannot exploit the assets and experience of another along these lines. It is an approach to sharing the company's risk obligations (Ropel, 2011), additionally, if the likelihood of gigantic misfortune is negligible or if the cost of protection is too high to interfere with hierarchical goals (Gorrod, 2014). Detached assessment occurs due to a lack of basic leadership, oblivion or disregard, for example, the risk at the stage of offering has not been resolved and therefore the results must be borne by contract workers performing work. While dynamic maintenance strategy is a deliberate design of administration activity after the inauspicious assessment of probable misfortunes.

2.3. Conceptual Framework

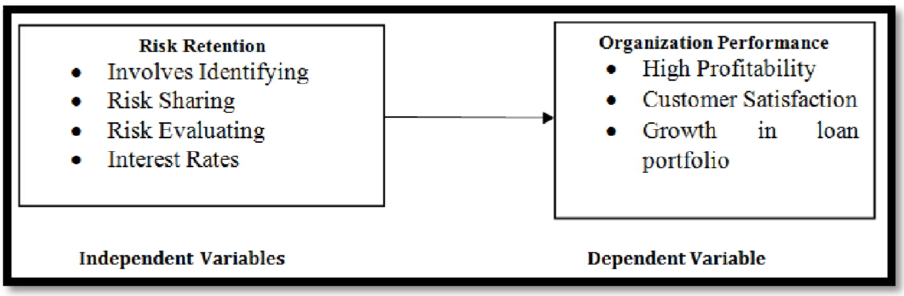

Figure 1: Conceptual Framework
Source: Author (2020)

Drawing from this conceptual framework, the null and alternative research hypotheses for this study were;

- H_0: Risk retention has no statistically significant effect on performance of Savings and Credit Cooperative Societies in Nakuru County, Kenya
- H_1: Risk retention has a statistically significant effect on performance of Savings and Credit Cooperative Societies in Nakuru County, Kenya

3. Research Methodology

As indicated by Mouton (2011) a research design is an arrangement or plan of how you expect to conduct a study. The research adopted a descriptive research design as a blue print for guiding the research methodology of this study. Serekan (2010) argue that any sound design of the study should have a well stated purpose with clarity of the objectives. This choice of research design is appropriate for quantitative studies and focus on facts as they exist in the organization. Moreover, descriptive research design is suitable for establishing the association between organizational phenomena at a given time period (Mugenda & Mugenda, 2008).The existing body of empirical literature has sufficient evidence of studies that have made use of descriptive research design (Mbai, Kinyua & Muhoho, 2018; Kobia & Kinyua, 2018; Ngetich & Muchemi, 2018; Kimaru & Kinyua, 2018; Gatuyu & Kinyua, 2020; Ontita & Kinyua, 2020).

Mugenda and Mugenda (2003), posits that a populace is delineated as a whole gathering of individual, occasions or articles with characteristics that are typically recognizable. Sekaran and Bougie (2011) delineates population to be an entire collection of persons, risks or premium things which the scholar wants to explore. A total of 165 finance, credit as well as administration staff engaging with Saccos within Nakuru County shall be the popular targeted within this study. Appendix VI gives the circulation of Saccos in Nakuru County that will form the target population.

A strategy for picking a portion of a whole population with the goal that the population can be represented precisely is known as sampling (Chandran, 2004). Model is a sub-set of the targeted populace and it should be an appropriate representation of the population under study (Kothari, 2004). Consequently, this study deliberates on an example that suitably represent to the finance, credit as well as management staff of SACCOs within Nakuru. This study used Nassiuma's (2000) formula to evaluate the study example scope. This is explained below.

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

Where,
n = Sample Size
N = Coefficient of variables
C = Coefficient of Variation (0.5)
e = margin of error size

$$n = \frac{165 * 0.5^2}{0.5^2 + (165-1)0.05^2}$$

n = 62.5
n = 63 respondents

So as to draw the 63 study plaintiffs of the targeted inhabitants, simple random specimen technique was utilized. The sample population was chosen from three particular strata specifically: credit officers, finance officers and management staff. Simple random sample was used because of its user friendliness and representation accuracy and that it is the easiest way to extract a study sample from a bigger population.

A pilot test is an activity involving organizing the information gathering tool for fewer plaintiffs to examine the unwavering quality and legitimacy of information gathering tools. Kothari (2004) depicts a pilot study as the main survey's imitation and practice. To examine the trustworthiness of tools used in the study, the Mwalimu National Sacco Nairobi Branch steered up a pilot research with five questionnaires to pre-test the research instruments.

The purpose of the pilot test, according to Bryman (2012), is to establish the correctness and correctness of the design and tools of the study. Newing (2011) says the significance of the pilot test cannot be exaggerated as one will always find unmistakable queries and queries that turn out to be unrelated among other errors to produce the type information. Cooper and Scindler (2011) agree that a pilot test is design and implementation weaknesses to detect. Sekam (2008) points out that pilot testing is essential to test the reliability of data collection tools and the study's validity.

Piloting was done in order to examine the instruments ' legitimacy as well as dependability. Validity indicates the extent to which the device estimated the under scrutiny (Mugenda and Mugenda, (2003). There are 3kinds of legitimacy tests that incorporate validity of substance, rule and associated development (Ngechu, 2006). Standard related validity, also referred to as instrumental validity, is used by contrasting it to demonstrate the accuracy of a measure or strategy and other measure or system that has been shown to be substantial. Developing validity seeks to comprehend a hypothetical concept amid a specific gadget or technique of estimation. Content Validity depends on the diversity of which the estimate reproduces the exact area of substance proposed (Carmines and Zeller, 2009).

Content validity is a non-factual type of validity that includes deliberate investigation of the test substance to determine whether it covers an agent test of the conduct space to be estimated or the degree to which the point understudy is sufficiently included by an estimating instrument. If the instrument contains a universe agent test, the validity of the substance is great; For the most part, its assurance is judgmental and instinctive (Shadish 2012). It can also be dictated by using a board of people to judge how well the estimating instruments meet the guideline, but there is no numerical method for expressing it. In the case of this study, the researcher consulted with various experts and academic professionals to improve the validity of content.

The questionnaire's dependability measures the scope to which a tool gives similar results every time it is utilized or the aptitude to replicate similar outcomes when the research is concurrent when subject to same conditions using the data collection instrument (Kothari, 2004). The questionnaire's reliability was examined using internal consistency. Internal steadiness is the quota of dependability that measures the extent to which the same construct measures are consistent with each other (Cooper &Schindler, 2008). The coefficient Cronbach Alpha was used to quantify the dependability of interior. A high coefficient suggests excessive correspondence between the items.

The Cranach's Alpha Test was done on all the self-governing as well as dependent variables which gave a threshold which was greater than 0.7. According to George and Mallery (2008), a Cronbach alpha coefficient greater or equal to 0.7 is suitable. All the variables were therefore retained for the study.

Study Variable	No of Test Items	Cronbach's Alpha
Risk retention	4	0.713
Organization Performance	4	0.741

Table 1: Reliability Test

Data collection was primary for the determination of carrying out the study and achieving the goals of this study. According to Donald & Schilder (2006), primary data collection involves questionnaire administration by approaching relevant individuals who respond appropriately to such questions. Research tools are, according to Mugenda (2009), a means of collecting primary data. The researcher used questionnaires in this study**.** The questionnaires contained closed as well as open ended questions in which the scholar was required the respondent to respond to their knowledge from the available options. In this case, the respondents were generally branch managers, credit officers, and SACCO's operations managers in Nakuru County. According to Selltiz (2009), questionnaires that are likely to return are those of attractive, short, clear, and easy to fill out presentation. In order to enable the researcher to make correct inferences, the questionnaires seek to obtain data on risk management strategies in place.

Questionnaires that had closed as well as open-ended queries were used in data collection during the study. Closed ended questions are used to facilitate analytical ease. Questionnaires were the most appropriate data collection method for this study because the respondents are literate enough to complete the questionnaire. Questionnaires that were semi-structured were cast-off to obtain primary data. It divided the questionnaire into two subdivisions. Segment one was designed to obtain overall facts about the respondents and segment two consisted of questions about strategies for risk management. The surveys were managed by drop-and-pick technique later. The respondents had been given a one-week period to complete the questionnaire, which gives the respondents ample time to study, understand and fill them accordingly, providing the researcher with valuable information needed within this study

Data gathered was qualitative as well as quantitative. Qualitative facts were examined by use themes and narratives through content examination. Using descriptive data such as mean and standard deviation, quantitative data was analyzed. Research findings were examined using inferential statistics. The statistical tool used in analysis was the Social Sciences Statistical Package (SPSS) version 25 so as to generate regression model results

The regression model is as follows;

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where Y= Organization Performance

B_0 = Constant Term

β_1 = Beta coefficient

X_4 =Risk Retention

ε = Error Term

Ethical contemplations identify with some right measures that the scholar should ponder on at every phase of the study structure in all exploration strategies. After the university has endorsed the study, the researcher the researcher acquired authorization from the management of the SACCO's. Three standards of morality were used in this exploration to be specific benefit, respect for the human dignity and justice (Polit, 2011). For the three standards, feelings affecting members was seen while testing addresses that might mentally hurt members as well as shielding members from unfriendly circumstances. Equally, members were educated that the data they gave would not be used at all to hurt them or abused for business and individual egotism, but only for scholastic purposes. Similarly, reasonable treatment and safety was practiced to be completely honest.

4. Research Findings and Discussions

This part shows some of the response rate within the study respondents who participated in the research.

Gender	Frequency	Percentage
Expected response	63	100
Received	52	83
Not received	11	18

Table 2: Response Rate

A sum of 63 questionnaires were appropriated to the respondents in their work environments out of which 52 (83%) were returned for data analysis. A response of half is adequate for study and detailing, as specified by Mugenda and Mugenda (2003), a pace of 60% is great and a pace of 70% or more is much better. The reply rate was superb based on this declaration. The quantity of the surveys that were not returned was credited to the respondents who didn't wish to give their response or were incompletely filled in questionnaires.

4.1. Descriptive Analysis on Risk Retention and Performance

This segment is in accordance to the second research goal which wanted to establish the consequence of risk retention on performance of SACCO's in Nakuru, Kenya. Table 3 shows the detailed statistical results.

Risk reduction	N	Minimum	Maximum	Mean	Std. Deviation
The SACCO has internal staff who are well qualified to identify the type of risk to retain and when to retain.	52	1	5	3.5952	1.10563
The SACCO conduct risk retention by equally distributing the risk to its members.	52	2	5	3.9286	.86653
There is a risk evaluation committee in the SACCO to enable the organization to realize its goals concerning the available risks.	52	2	5	3.8571	.92582
Retention is an option when other solution is uneconomical	52	2	5	4.0000	.91064

Table 3: Descriptive Statistics on Risk Retention
Source: Field Data (2020)

From the discoveries as in Table 3, it was set up that, the SACCOs have interior staff who are very much able to recognize the kind of risk to hold and when to hold with an average of 3.5952 inside a standard deviation 1.10563. These discoveries were in concurrence with the discoveries of Ominde (2014) that certified inward staff prompted an expansion in Growth of SACCOs riches. The study suggested that SACCOs should survey or structure their arrangements on inside financing to guarantee that ideal interior financing was profited audit their by-laws and working strategies to guarantee that the ideal outer financing is supported.

It was built up that the SACCOs lead risk maintenance by similarly dispersing the risk to its individuals by an average of 3.9286 inside a standard deviation 0.86653. It was additionally settled that there is a risk assessment panel in the SACCO to empower the association understand its objectives concerning the accessible risks with an average of 3.8571 and standard deviation of 0.92582. It was likewise settled that maintenance is a choice when other arrangement is uneconomical with a mean of 4.0000 inside a standard deviation of 0.91064. the investigation discoveries concurred with that of (Mikaela, 2011), which set up that, most Saccos choose to hold the risk on the off risk that they can't move it or dodge it. They showed that the best arrangement is to hold the risk when a risk cannot be moved or counteracted. For this situation, to limit the effect of its event, the risk must be controlled.

The findings from the research proves that, good number of the participants were of the opinion that, risk retention if well managed can enhance performance of Saccos, though majority were of the opinion that, risk retention can be risky to business operations and that the Saccos should not go for the strategy.

4.2. Organization Performance

This segment contains dependent variable analysis (Performance of Saccos). It scrutinized the insights being held on Performance of Saccos in Nakuru. Table 4.14 shows the descriptive statistics and results in details.

	n	Minimum	Maximum	Mean	Std. Deviation
Risk management strategies by the SACCO has led to high SACCO profitability	52	1	5	3.5952	1.10563
The SACCO risk management strategies enhance satisfaction of our customers.	52	1	5	3.6429	1.03173
The SACCO risk strategies have enabled members to take bigger loans.	52	2	5	4.0000	.82639
Good risk management strategy enhances loan performance.	52	1	5	3.9762	1.02382

Table 4: Descriptive Statistics on Organization Performance
Source: Field Data (2020)

As laid out in Table 4, it was set up that risk executives' procedures by the SACCO has prompted high SACCO benefit with an average of 3.5952 within a standard deviation of 1.10563. The discoveries for this situation concur with that of Gisemba (2010) which was led to decide the connection between risk administration rehearses on performance of Saccos which discovered that those SACCOs received different methodologies in broadcasting and examining risk before granting credit to customer to limit advance misfortune. This incorporates building up limit, conditions, utilization of insurance, borrower screening and utilization of risk investigation in endeavour to diminish and oversee credit risks.

It was likewise settled that the SACCO risk administration procedures improve fulfilment of the Saccos clients with an average of 3.6429 within a standard deviation 1.03173. It was likewise settled that the SACCO risk techniques have empowered individuals to take greater credits with an average of 4.0000 inside a standard deviation 0.82639. Wangui (2010) did an investigation using a credit card risk the executive's procedures by SACCOS in Nairobi utilizing an overview examine structure. The discoveries uncovered that greater part of the SACCOs use credit risk the executive's performances to alleviate risks as a reason to target credit risk study. The discoveries likewise show that the most mainstream strategies for advancing credit risk mindfulness among staff in SACCOs are through standard gatherings and observations on one premise. Furthermore, it was set up that great risk the executives technique upgrades advance execution with a mean of 3.9762 inside a standard deviation of 1.02382. The discoveries for this situation concurred with that of Lagat (2013) which set up that, a large portion of these Saccos have held onto risk administration strategies as one way to deal with their portfolio and their proficiency has been improved. The board forms for this situation address risk recognition, evaluation, appraisal, following and relief.

The researcher investigated the level of performance of the Saccos over the last two years prior to the study, and from the findings, it was established that, many of the participants hadthe opinion that the performance of their Saccos has reduced with other indicating that they had closed some branches.

4.3. Inferential Statistics

4.3.1. Correlations Analysis

In addition, the research sought to determine the correlation which exists between risk retention and performance of SACCO's in Nakuru, Kenya. The results of the research are as shown in Table 4.19.

		Risk Retention	Organization Performance
Risk retention	Pearson Correlation	1	.563*
	Sig. (2-tailed)		.000
	N	52	52

Table 5: Correlation between Risk Retention and Performance of SACCO's
Source: Field Data (2020)
** Correlation Is Significant at the 0.05 Level (2-Tailed)*

The relationship between risk retention and how SACCO's perform was established to be positive, and statistically significant and was supported by ($r = 0.563$; $p < 0.05$). This shows that risk retention has a positive performance effect on SACCO's in Nakuru County.

4.3.2. Regression Analysis

Simple linear regressions were performed involving risk retention and organization performance. The coefficient of determination (R Square) of 0.875 illustrates that the independent variable contained 87.5% of the variance within the dependent variable. These findings explained 87.5% while the 12.5% is clarified by other variables out of the range of this research.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935[a]	.875	.865	.1826

Table 6: Model Summary[b]
Source: Field Data (2020)
a. Predictors: Risk retention
b. Dependent Variable: Performance

In order to examine on whether the data was good fit for regression model, the ANOVA was undertaken and the data being good fit for data was tested at 5% level of significance. Since from the Table 7 the observed p value was 0.000 which was less that 0.05 (5%), it therefore implied that the regression model was good fit for data. This implies that the probability of the regression model giving wrong prediction effect on the dependent variable is 0% which is less than the set level of significance of 5%. Therefore, the regression model was adopted.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.841	3	2.947	89.303	.000[b]
	Residual	1.267	48	.033		
	Total	10.108	51			

Table 7: ANOVA[a]
a. Dependent Variable: Performance
b. Predictors: (Constant), Risk retention
Source: Field Data (2020)

To examine the influence of the independent variables on the dependent variables, multiple regression analysis was as shown in Table 8. The optimal model was;

$Y = 0.068+0.284\ X_1$

Where; Y = organization performance

X_1=Risk retention

The regression coefficient of 0.284 for the risk transfer implied that a unit increase in risk retention with the other variables left constant would lead to a 0.284 increase in performance of SACCO's.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.068	.324		.209	.835
	Risk retention	.284	.045	.742	6.311	.034

Table 8: Coefficients[a]
a. Dependent Variable: Performance
Source: Field Data (2020)

4.4. Hypothesis Testing

The hypothesis was tested to determine the connection between risk retention and performance of SACCO's utilizing different relapses whose outcomes are appeared on Table 4.16. The test was done at a huge level 0.05. The test outcomes show that there exists a measurably critical relationship between risk retention and performance of SACCO's ($\beta = 284$, $\rho = 0.0340 < 0.05$). As indicated by Guiso and Japelli (2008) risk retention can be accomplished by diversification. An examination directed by Mercieca, Schaeck, and Wolfe (2016) researched how diversification influenced execution of organization. The outcomes recommended that diversification didn't influence the productivity of small banks. In an examination by Berger, Hasan, and Zhou (2010) the objective was to assess the impact of expanding risk profile through broadening on the presentation of Chinese business banks. This management of risk procedure of enhancement was ordered into: area inside the nation, nature and kind of stores, credits and resources. Enhancement pointers were relapsed upon bank explicit factors, for example, execution, risk, cost productivity, size, combination association and possession. Results proposed that enhancement contrarily influenced bank execution. Muteti (2014) concentrated on the connection between budgetary risk organization and execution of Kenyan business banks. The population for this investigation was Commercial banks in Kenya. The outcome prompts the dismissal of the null hypothesis, consequently a determination that there exists a critical impact of risk retention on performance of SACCO's in Nakuru County.

5. Conclusions and Recommendations

It was concluded that, risk retention has a constructive correlation on Saccos performance within Nakuru town. It was concluded that, a positive increase in risk retention strategies will lead to high performance by the Saccos. The SACCO also conduct risk retention by equally distributing the risk to its members. There are risk evaluation committee in most of the saccos which enables the Saccos to realize their goals concerning the available risks. The researcher further concluded that, risk management strategies by the SACCOs have led to high SACCOs profitability.

According to the findings of this study, it was concluded that, the Sacco's to come up with proper strategies which will ensure that in the retention of risk, there is equally distribution of risks, the distribution of risk is done equally among members of the to ensure that none of the members are burdened exclusively. There is also a need by the Sacco to educate their employees on the importance of risk retention to ensure that there is efficiency in risk management and retention. The study also recommends that the Saccos management to continually assess risk retention strategies to ensure that they are still viable in a changing business environment.

6. Suggestions for Further Research

Based on the findings of this study, the following recommendations: The scholar of this research proposes further research should be conducted to investigate the effect of risk retention on organization performance of other SACCOs in other Counties. The study findings, research will give more understanding into the connection between these factors, which in Kenyan SACCOs could be helpful in apprising risk management policies. This study only concentrated SACCOS within Nakuru County, thus the findings could not be generalized to other SACCOs in other counties. The researcher therefore suggested that, further studies to be conducted in other counties for the generalization of the findings in this study. The researcher father suggested that, the further studies should cover other financial organizations such as banks and microfinance organizations.

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