

**CONTRIBUTION OF RISK MANAGEMENT PRACTICES ON SERVICE DELIVERY
AMONG COUNTIES IN WESTERN KENYA**

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ABSTRACT

Risk management practices including risk identification, analysis and control, as well as monitoring have been proved to be essential in reducing losses and improving profitability. However, the contribution of such practices in enhancing service delivery among devolved authorities particularly in western Kenya has not been established. Charged with the role of providing services like preschool education, agriculture, water and sanitation, roads and infrastructure, health and commerce and industry, counties in western Kenya have performed dismally in these areas. Reports reveal that an average of 80 pre-school learners share a classroom among counties in the area, only 34% and 13% of households have access to improved water sources and sanitation respectively, while over 50% of all the roads among counties in this region are considered to be in unfair state. Limited information is however available with regard to risk management practices on service delivery among these counties. The purpose of the study was to establish the contribution of risk management practices on service delivery among western Kenya counties. Specific objectives were to establish how risk identification practices affect service delivery; the effect of risk analysis and control on service delivery; and to determine how risk monitoring could impact on the service delivery. Stakeholder theory, resource based theory and new institutional economics theory guided the study. Descriptive and case study research designs were adopted on a target population of chief officers and heads of departments from 10 counties: Bungoma, Busia, Kakamega, Vihiga, Siaya, Kisumu, Homa Bay, Migori, Kisii, and Nyamira. Purposive sampling was used to obtain a sample of 100 heads of departments and 100 chief officers from whom data was collected using questionnaires. Validity and reliability of the instrument was checked via expert consultation and test retest during a pilot study on randomly sampled 20 deputy heads of departments and chief officers respectively. The study found that risk identification ($\beta=0.188$; $p<0.05$), risk analysis and control ($\beta=0.006$; $p<0.05$), and monitoring of risks ($\beta=0.105$; $p<0.05$) all have significant contribution to service delivery. All the hypotheses were therefore rejected. The risk management practices together contributed 17.7% change in service delivery among the counties. The study concludes that the counties under study seem not to consider risk management practices as essential in enhancing service delivery. It was recommended that risk management framework should be formulated to guide identification, analysis, and monitoring of risks. Further research is also necessary on the impact of risk identification on service procurement among county governments in western Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Organizations in the contemporary society operate within volatile and competitive environments that expose them to high degrees of risks. Moreover, Spikin (2013) explains that due to some very notorious international scandals such as the Enron case, WorldCom and Lehman Brothers among others, organizations in general are facing legal requirements by the stakeholders and regulators, who are demanding the implementation of increasingly more sophisticated risk management practices. Equally, as technology has helped organizations to be more efficient, it has also exposed them to different sorts of new significant threats (Habegger, 2008). The presence of risk is thus recognized and accepted as inevitable and unavoidable in every field of human endeavor, with equal or matching drive to address it as far as possible (Spikin, 2013).

Based on the classical work by Knight (1921), risk can be defined as measureable uncertainty of outcome, whether positive opportunity or negative impact, whereby the measureable uncertainty is expressed in terms of likelihood. According to Spikin (2013), risk is the distribution of possible deviations from expected results and objectives due to events of uncertainty, which might be internal or external to the organization. In this perspective, the influence of risk factors could have connotations of positive or negative and assumes the risk to be a generator of both potential losses and opportunities (Cleary and Malleret, 2007). Both elements together – the ambivalence of threat and opportunity as well as the chance to create the desired future – might explain why risk management has today become so popular in business and politics (Banaitiene, Banaitis & Norkus, 2011).

A fundamental part of the risk management function is about implementing procedures that would minimize the occurrence of loss or the financial impact of the ones that would occur anyway (Vaughan, 1997). As Drennan and McConnell (2007) suggest, once current and potential risks have been identified and evaluated, decisions would be taken on how to respond and, in particular, what actions could be taken in order to improve future outcomes. The European Union (EU, 2010) proposes three major practices for risk

management: risk identification, including nature (kinds of risks) of risks, which may change during the various stages; causes and sources of risk; likelihood of risks to occur; potential consequences of risk occurrence (additional costs, reduced reward).

The second task is risk analysis and control: determine the likelihood and the consequences in order to estimate the level of risk (Bannerman, 2007), and determine how to treat the risk, that is, whether to accept the risk or avoid / reduce / transfer the risk. The final task is to put in place a corporate and systematic process for evaluating, monitoring and addressing the impact of risks in a cost effective way (Shafiq and Nasr, 2010). Limited literature is however available with regard to the contribution of risk management practices on service delivery particularly among devolved governments. Additionally, studies focusing on risk identification, analysis and control as well as monitoring for the purposes of enhancing service delivery among decentralised authorities are scanty.

Alam and Masukujjaman (2011) investigated risk management practices of five commercial banks operating in Bangladesh and revealed that credit risk, market risk and operational risk are the major risks to the bankers. Mudiyansele and Jayathilake (2012) investigated the risk management practices small and medium enterprises in Sri Lanka adopt and found that the business planning related risks contribute the highest concerns. It seems clear that identification of risks, besides the fact that the focus has remained away from decentralised systems, have not been researched under the lenses of service delivery. Similarly, research on risk analysis and control has tended to concentrate among private organizations, neglecting decentralised authorities. Roque and de Carvalho (2013) assessed the impact of project risk assessment on project performance in Brazilian Vendor companies and revealed that adopting risk assessment and planning has a significant positive impact on project success. On the other hand, Boateng and Arthur (2014) examined the impact of risk management practices on service quality in healthcare provision in the Accra metropolis (Ghana) between private and public hospitals. They found that private hospitals implemented more risk management practices and this positively impacted on their service quality. It is therefore evident that risk analysis and control have not been investigated among decentralised entities.

In another study, Keitany (2015) examined the operations risk management practices commonly used and their relationship with service delivery among Government Owned

Entities (GOE) in Kenya. These practices were found to influence service delivery significantly at different levels. Equally, Kinyua, Ogollah and Mburu (2015) investigated the effects of risk management strategies on the performance of small and medium information communication technology (ICT) enterprises in Nairobi, Kenya. The study established a positive relationship between risk management strategies affecting project performance and ICT performance. Whereas Keitany (2015) and Kinyua et al (2015) concentrated on operation risk management and risk management strategies respectively, the former used a population from GOE while the latter used a sample from ICT enterprises. Service delivery in relation to risk management practices among county government therefore seems to have been overlooked in research.

Service delivery refers to the processes and the actual procedures, mechanisms and flow of activities through which a particular service is delivered or rendered (Tilas, 2014). Customers judge service on the operational flow or on the actual delivery. The need for service delivery appears to have been appreciated by governments all over as a panacea for citizen satisfaction. However, the county governments have experienced some problems in delivering devolved services, although no study has linked this to lack or availability of risk management. According to Kalava (2016) and Miriti & Keiyoro (2017), some of the devolved services are; public service administration, agriculture, culture and sports, housing, urban development and physical planning, Education, Transport and Public works, Health, Treasury, Environment and water, Trade, Industrialization and Tourism departments. This means that in their provision of services, they satisfy the needs and remain subject to the control, direction and influence of the locals (Oloo, 2006).

Reports generated by the Commissioner for Revenue Allocation (CRA, 2016) and other researchers portray service delivery among county governments to be at a deplorable state. According to Barker, Mulaki, Mwai and Dutta (2014), half of the counties have fewer than 2 health facilities per 10,000 people and fewer than 4.2 facilities per 100 square kilometers. Similarly, recruitment of pre-school teachers has been inadequate. Abuom, Gudo and Nyatuka (2018) found that in Homa Bay, Kisumu, Migori and Siaya Counties, the average teacher pupil ratio among public pre-schools was 1:57. This is against the international standards of 1:4 for children of below 2 years; 1:10 for 2-3

years; 1:15 for 3-4 years; 1: 25 for 4-5 years; 1:30 for 5-6 years, and 1:40 for 6-8 (Atieno, 2017).

Pre-school classroom construction is also poor. For instance, Abuom and Gudo (2017) stated that an average of 80 ECDE learners shared a classroom among 4 counties (Kisumu, Homa Bay, Migori and Siaya) in 2016. Furthermore, Kenya County Factsheet (www.cra.kenya.org) reports that in Bungoma and Busia counties, 66.5% of households do not have improved water sources; only 9.4% of all roads in Kakamega are paved while 43% of the roads are considered fair; in Kisii, 66% and 87% of households do not have improved water sources and sanitation respectively. In Nyamira, only 37% of households have access to maternity services.

The Western Kenya Counties comprises of counties in the original administrative boundaries of Western and Nyanza Provinces of Kenya. This bloc constitute a total of 10 Counties; Bungoma, Busia, Kakamega, Vihiga, Siaya, Kisumu, Homa Bay, Migori, Kisii, and Nyamira. In their daily operations, the County Governments have had increased exposure to risks both from within and without. County governments' service delivery related risks include political manipulation and interference by the MCAs (Member of the County Assemblies), corruption and lack of accountability and transparency, inadequate citizen participation, poor human resource policy, inadequate change management processes, lack of employee capacity, poor planning, monitoring and evaluation (Onyango, 2015). However, it remains to be confirmed whether these risks are associated with inadequate service delivery experienced in these counties.

1.2 Statement of the Problem

Most developing countries have envisaged devolution as a remedy for improving governance and service delivery to citizens. In Kenya, one of the key reforms of the 2010 Constitution was to transfer the way we govern and manage our affairs to the local regions. Article 174 and 175 envisions the power of self-governance by the people and their enhanced participation in decision-making with regard to service delivery among other essential issues. Risk management has been revealed as a panacea for enhanced performance albeit in private organisations. For instance, risk identification, risk analysis and control, as well as risk monitoring have proved essential in reducing losses and improving profitability. There is however limited information covering risk management practices and service delivery among county governments in Kenya. Among counties in

western Kenya, reports reveal that an average of 80 pre-school learners share a classroom, only 34% and 13% of households have access to improved water sources and sanitation respectively, while over 50% of all the roads among counties in this region are considered to be in unfair state. The aforementioned statistics indicates that service delivery among the counties in this region is inadequate. Whereas risk management practices have been attributed to improved performance in organizations, the contribution of the same to service delivery among county governments seem to have been overlooked. This study therefore sought to investigate the contribution of risk management practices on service delivery among county governments in western Kenya.

1.3 Research Objectives

The general objective of this study was to establish the contribution of risk management practices on service delivery among Counties in Western Kenya. The specific objectives of the study were:

- i. To establish how risk identification practices contribute service delivery among counties in western Kenya
- ii. To determine the contribution of risk analysis and control on service delivery among counties in western Kenya
- iii. To determine how risk monitoring contribute to service delivery among Counties in western Kenya

1.4 Research Hypotheses

- i. Risk identification practices have no significant contribution to service delivery among counties in western Kenya
- ii. Risk analysis and control have no significant contribution to service delivery among counties in western Kenya
- iii. Risk monitoring has no significant contribution to service delivery among counties in western Kenya

1.5 Scope of the Study

This study sought to analyse the relationship between risk management practices and its effect on service delivery in Counties of Western Kenya. The main variables under consideration were risk management practices and service delivery. Data collection and

analysis of the study were conducted in the months of September and October 2018 respectively.

1.6 Justification of the Study

This study was justified by the recent spark of corruption and misuse of public resources by the central and county governments in Kenya that has brought into question the leadership in place. The annual reports by the Auditor General have consistently reported glaring discrepancies in the management resources by the county governments across the country. The study would also be of value to the government of Kenya through their agents Commission on Revenue Allocation, Treasury, Kenya National Audit Office among others that are charged with the responsibility of implementing and enforcing policies related to the internal controls in the County Governments in the country. Specifically, they would get more information on the risk management practices needed to improve the operations and service delivery of devolved governments in the country. The scholars and academicians might also benefit from this study by gaining knowledge on risk management practices and service delivery by County Governments in Kenya. Researchers might also adopt the findings of the study as a basis to further their research in the area of risk management practices and service delivery by the County Governments in Kenya.

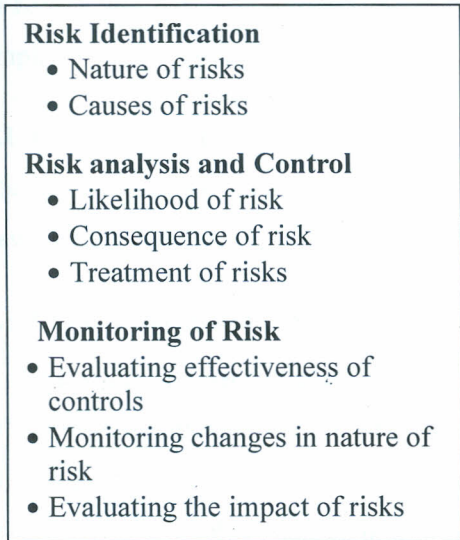
1.7 The Conceptual Framework

A conceptual framework is a conjectured model that identifies the various concepts and their interrelationship under the study (Mugenda & Mugenda, 2003). Its purpose is to help the reader understand the relationship of study variables at a glance. The independent variable of the study is risk management practices denoted by risk identification, risk analysis and control, and monitoring of risk. Risk identification comprises nature and causes of risks. On the other hand, risk analysis and control encompass likelihood and the consequences of risk, as well as treatment of risk. Monitoring risk includes evaluation of the impact of risk and continuous monitoring.

The dependent variable of the study is service delivery denoted by efficiency, effectiveness, consistency, and accountability in service provision. The study conceptualises that service delivery depends on risk management practices implemented by the county governments. Figure 1.1 presents the conceptual framework of the study.

Independent variable

Risk Management Practices



Dependent variable

Service Delivery

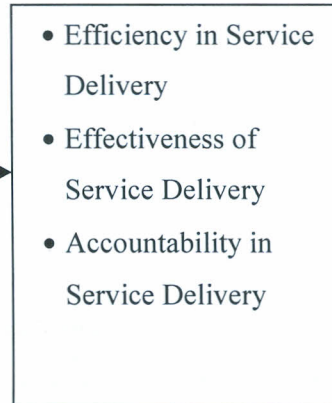


Figure 1.1: Conceptual Framework showing the relationship between Risk Management Practices and Service Delivery

Source: Adapted from Kinyua et al (2015, p 6)

CHAPTER TWO

LITERATURE REVIEW

This chapter provides the literature review related to risk management practices and theoretical framework of the study. It discusses the risks facing the County Governments in Kenya, the risk management processes, risk management implementation challenges, empirical studies as well as the research gap.

2.1 Theoretical Review

The study is guided by three theories: The stakeholder theory, resource based theory and new institutional economics theory

2.1.1 The Stakeholder Theory

A stakeholder is a party that has an interest in an organization and can either affect or be affected by its operations (Wolter, 1987). Managers need to understand the concerns of all the stakeholders in order to develop objectives that would support their specific needs. The stakeholder theory is a model of corporate social responsibility that holds that management in any given organization has ethical responsibilities to a range of stakeholders. It is a theory of organizational management and business ethics that addresses morals and the values in managing an organization (Pearce II & Robinson, 2009). The theory proposes that the purpose of an organization is to create the maximum value at any given point in time for the stakeholders. The theory as put forward by Ian Mitroff in 1983 posits that employees, financiers, customers, suppliers, communities, trade associations, government bodies, political groups and trade unions also qualify as stakeholders in addition to the business owners (Okello, 2010).

Wernerfelt (1984) defines stakeholders as a person, a group or an organization that has a direct stake in the operations of an entity because they are affected by the entity's activities and policies. In this case, the key stakeholders in the County Governments are residents of each County, the Central Government of Kenya, employees, suppliers, investors, lenders, traders, regulatory bodies among others. According to the stakeholder theory, the management of County Governments should put in place policies and practices aimed at maximizing benefits to all her stakeholders. To this extent, the management should put in place a robust risk management policies and practices aimed at safeguarding the County resources. Stakeholder theory is relevant to

this study given the fact that actions of those in the management of County Government of Kisumu and the manner they handle their relationship with stakeholders including suppliers and clients determine risk management practices adopted by the county.

2.1.2 Resource Based Theory

Effective and efficient management of resources is paramount for any organization that desires to achieve its objectives. Guiseppe (2014) defines organizational resources as both tangible and intangible assets that an organization has such as brand names, in-house knowledge of technology, and employment of skilled personnel, trade contacts, machinery, efficient procedures and capital. According to the resource based theory, the resources available to an organization can determine the level of returns the organization can achieve at any given point in time. The resource based theory indicates that an organization can optimally use the resources it has to achieve a sustainable competitive advantage in the market. The theory therefore offers management and other decision makers an opportunity of evaluating potential factors that can offer them a competitive edge in the market.

County Governments in the country have been entrusted with the responsibility of managing resources at the County level. Part of the resources is allocated from the Central Government while others are generated from the economic activities within the County. The challenge is for the County managers to identify the available resources and plan for them in such a way that they not only derive the maximum benefits from them but also ensure minimal wastage. This calls for the decision makers in the County to put in place effective risk management practices so as to achieve this and much more. This theory is therefore relevant for this study since there is need to evaluate the contribution of specific risk management practices put in place by the County Government to safeguard their resources.

2.1.3 New Institutional Economics Theory

The new Institutional Economics Theory is an extension of economics that focuses on social and legal norms underlining economic activities with analysis beyond institutional and neoclassical economics (Pearce & Robinson, 2009). According to Acharyya (2012) the theory of new institutional economic proposes four levels of social analysis for a given organization, first is the social theory that relates to the level of entrenchment and informal rules in the organization. Second is the institutional

environment and the formal rules that use the economics of property rights and positive political theory. Third is the governance and the interactions of actors within the transaction economics and the fourth and final aspect is the neoclassical economics that involves effectiveness and efficiencies in employment of resources available to an organization.

According to this theory, institutions have become more complex and much of the past organizational theories lack scientific ambitions to deal with complexities and risks in the organizations today. New institutional theory states that the performance of the organization is caged by the risk management practices it adopts (Abuya, 2008). Further, the theory links long-term continuation of an organization with the management of its resources hence supports this notion that risk management is a key element in the prudent management of the entity's resources as a way of ensuring long-term sustainability of an organization. New institutional economics is therefore relevant for this study since it recognizes the complexities and risks within the county governments and how this may affect service delivery if proper risk management practices are not implemented.

2.2 Risk Management Practices

Past organizational losses and corporate failures resulting from risks in their day to day operations has led to adoption of various mechanisms aimed at reducing risk exposure levels. Among these includes risk management techniques such as insuring against risks as well as the adoption of operational risk management practices (Albrencht, 2012). These contextual changes have led to operational risk management becoming an essential element for most organizations. It is argued by Fung (2013) that risk management is a managerial process that would enable the organization achieves a higher level of performance if effectively performed. However, limited information is available with regard to risk management practices among decentralised authorities like county governments.

Risk management refers to the continuous practice of identifying, monitoring and managing potential risk with a view to minimize the negative impact they may have on an organization (Nzioka, 2015). It involves designing and implementing procedures that minimize the occurrence of loss or financial impact of the losses that may occur. The ISO 31000:2009 standard on risk management defines risk management as the

systematic application of management policies, procedures and practices to tasks of establishing the context, identifying, analyzing, assessing, monitoring and communicating risk in an organization (ISO 31000, 2009). Macha (2010) proposes six principle risk management practices. These principles include staff training and empowerment, identifying key risk indicators, adherence to control regulations, incident management, risk monitoring as well as developing a risk management framework.

A risk management framework refers to a set of rules, ideas or beliefs than an organization adopts to identify and manage risks in its operations (Gordon, 2009). It is important to have an operational risk management framework that is fully integrated into overall risk management processes of the organization, have the right operational risk governance structure, use proper identification and assessment tools, with well-defined approval process for new products, services or processes within an organization. The objective of the risk management framework is to enhance a structured and consistent process of risk management in an organization.

2.3 Service Delivery

The Oxford English dictionary defines a service as a set of activities performed by an organization that aims at creating value. This includes specific services or economic activities, acts or performance to customers as well as other organizational activities that are part of the value creation process such as leadership and management styles, structure of operations as well as the customer relationship initiatives. Bettercourt (1996) defines service delivery as the act of giving or bringing something to someone. In the context of this study, service delivery shall refer to the ways in which County Governments offer services to their customers. According to Keitany (2015) service delivery is tied to organizational performance and shall involve a comparison of expectations with performance.

Nyongesa and Nganga (2012) argue that organization that provides efficient services and in an effective way not only ensures customers are satisfied but also achieve and fulfill its goals and objectives. Therefore, effective service delivery has become increasingly an important initiative being pursued by organizations as it has been observed to be intertwined with organizational performance. In pursuit of this endeavor organizations are better placed to maintain their level of competitiveness especially in the globalization

era. Public service efficiency in delivery of services has been a challenge in the world and particularly in the third world countries (Kalava, 2016).

In Kenya, especially within the public sector, service delivery has been so dismal. The public sector or rather Government owned entities has been marred with mediocrity, lack of defined objectives, ethnicity, and favoritism among many other several factors that in turn constrain effective and efficient service delivery to its citizens (Onyango, 2015). Service delivery in government is affected by various factors such as remuneration of its workforce, training, promotional procedures, internal processes and culture of the systems (Kalava, 2016). Babakus (2003) noted that quality standards for public services are usually less precise and as a result leaves the goal attainment operationalization somewhat ambiguous.

Nyongesa and Nganga (2012) posit that in order to measure the service delivery in the public sector, effectiveness, efficiency and quality has become central canons in the assessment of public sector service delivery. According to him, the three canons can be used to evaluate service delivery both in the profit and non-profit entities as they both assess how well services meet the customer's satisfaction. According to Babakus (2003), there is no blueprint for enhancing public sector efficiency and countries have adopted diverse approaches to reforming key institutional arrangements that include increasing devolution and decentralization, transforming workforce structure, changing budget practices, introducing risk management and results-oriented approaches to management.

It is however critical to note that studies focusing on service delivery have not been done under the lenses of risk management practices within devolved government. Miriti & Keiyo (2017) assessed the influence of devolution of government service delivery on provision of healthcare in Meru Level Five hospital. A descriptive research design was used on a target population of 500 participants. The study found that devolution of government service delivery had increased access to healthcare services in terms of availability, affordability, accessibility and acceptability. In another study, Kalava (2016) assessed the factors influencing service delivery at the Kakamega County Government using a target population of 406 County Executive staffs, County ministries/department sections staffs, county Public Relation and customer care staffs. It was found that quality of equipment and other accessories and national government revenue allocation were

major factors in service delivery. It seems clear that risk management practices have been focused as determinants of service delivery by Miriti & Keiyoro (2017) and Kalava (2016).

Similarly, Tilas (2014) sought to establish the factors influencing satisfaction with service delivery within Murang'a County in Kenya. The research findings showed that county leaders' accountability had great influence on services delivered as they were not accessible to citizens as expected. The study also found that financial rate of flow and timely transfers greatly influenced County service delivery. Citizen participation in meetings and their gender representation were great influencers of County service delivery. Abuom, Gudo and Nyatuka (2018) investigated the status of quality of ECDE teaching and learning in public pre-schools in four Counties in Kenya. The study revealed that the quality of education at this level was compromised by high teacher to learner ratio. Risk management practices have, however, not been employed by Abuom et al (2018) and Tilas (2014) as determinant of service delivery.

2.4 Empirical Studies

The empirical literature reviewed in this section falls in the sequence of the study objectives. It covers identification of risks, risk analysis and control, and monitoring of risks. The studies under review include those from Europe and Asia, Africa as well as Kenya.

2.4.1 Risk Identification and Service Delivery

Risk identification is the act of establishing the types of risks, their nature or forms, their causes as well as their sources. According to Bauld and McGuiness (2008), identification of risks tends to answer the question of what can happen and how can it happen. Literature covering risk identification activities or practices has tended to concentrate in private organisations on one hand, and have related the same with performance on the other hand. However, assessment of risk identification as a determinant of service delivery among devolved administrations seems to have been overlooked by researchers. Alam and Masukujjaman (2011) investigated risk management practices of five commercial banks operating in Bangladesh. Findings revealed that credit risk, market risk and operational risk are the major risks to the bankers. Similarly, Hassan (2009) investigated the degree to which the Islamic banks in Brunei Darussalam implemented

risk management practices. It was found that the major risks that were faced by these banks were foreign exchange risk, credit risk and operating risk. The two studies confirm that risk identification seems to be robust in the banking sector more than among devolved administrations.

Hansen-Addy and Fekpe (2015) explored current risk management knowledge and practices of construction professionals in the Ghanaian construction industry using a population of Contractors, Project Managers, Architects, Quantity Surveyors, Consultants, and Clients, who were identified through random sampling. It emerged that the perceived top five important risks to construction projects are 'Financial issues,' 'Inadequate or incorrect Architectural and Engineering design details,' 'Poor quality of materials supplied,' 'Failure to meet Project quality estimates,' and 'Failure to meet Project cost estimates. Equally, Ntongo (2012) examined the relationship between internal controls, financial accountability, and service delivery in the private health sector in Uganda. Data was collected from a sample of 97 health centres and it revealed that there is a significant positive relationship between the three variables studied (Internal Controls, Financial Accountability, and Service Delivery). Furthermore, the findings showed that both internal controls and financial accountability were significant predictors of service delivery.

Mwanza (2015) assessed the nature of political risk in Zimbabwe and strategies used by MNCs in managing the risk. The study was done through a survey on perceptions of decision makers of 25 MNCs operating in Zimbabwe. It was found out that the best of all strategies to manage political risk was the low involvement strategy through an integrative approach. Lyambiko (2015) did a study on the effect of operational risk management practices on the financial performance in commercial banks in Tanzania. The findings showed that credit risk, insolvency risk and operation efficiency had varying degrees of relationship with the financial performance.

In another study, Bellaubi and Pahl-Wostl (2017) explored the extent to which corruption and management practices affect the performance of water service delivery in Kenya and Ghana. The results show that corruption risks and opportunistic practices reduce the performance of WSD. Keitany (2015) sought to establish the operations risk management practices commonly used and determine the relationship between operations risk management practices and service delivery among Government Owned Entities in

Kenya. The study found that operation risk indicators identification practices has a positive insignificant influence on service delivery. Similarly, Mburu, Ngugi and Ogollah (2015) assessed the effect of risk identification management strategy on supply chain performance among 153 manufacturing companies in Kenya that are members of Kenya association of Manufacturers in Nairobi industrial. It was revealed that the techniques used to identify risks in companies are supply chain audit reports; personal experience and past performance.

The foregoing studies tend to demonstrate that risk identification seem not to have focused on devolved authorities. Similarly, service delivery has not been a major concern of researchers of risk identification among entities. Rather, performance, profitability, and management among others re the main concern. The need to examine risk identification with regard to service delivery particularly among the county governments therefore informed the current study.

2.4.2 Risk Analysis and Control, and Service Delivery

This is a process for a qualitative and quantitative analyses. The qualitative analysis assesses the probability of occurrence of risks and the severity of such occurrence on a project. The quantitative analysis attempts to quantify the impacts of risk occurrence in terms of costs and time (Hansen-Addy and Fekpe, 2015). While risk analysis and control has been associated with reduced cost of operations and enhanced performance particularly in private organisations, literature on the same within devolved governments are scanty. Jun, Qiuzhen and Qingguo (2010) investigated the effects of project risk planning on IT project performance focusing on a case of China vendor firms. The results indicated that project risk planning and control improve project performance making project complete within time schedule, at the budgeted and vender firm improved on profitability level.

Roque and de Carvalho (2013) assessed the impact of project risk management, assessment of risks on project performance in Brazillian Vendor companies. The results demonstrate that adopting risk assessment and planning has a significant positive impact on project success as project staff were able to identify and take measures to mitigate occurrence of risks to a greater extent.

Boateng and Arthur (2014) examined the impact of risk management practices on service quality in healthcare provision in the Accra metropolis and compared analysis between private and public hospitals. Results of the study revealed that, private hospitals implemented more risk management practices and this positively impacted on their service quality from both the staff and patients' perspectives. Public hospitals did not effectively practice risk management which showed up negatively on service quality performance from patients' perspectives. The study shows that, management support and commitment is very important to all risk management strategies and managers in public health should commit more organizational resources toward the effective implementation of quality improvement initiatives.

Kinyua et al (2015) sought to establish the effects of risk management strategies on the project performance of small and medium information communication technology (ICT) enterprises in Nairobi, Kenya. The study established that there existed a positive relationship between risk management strategies affecting project performance and ICT project performance for SMEs in Kenya and were statistically significant. It is clear from the aforementioned studies that

Whereas risk management practices are considered to be crucial governance and management tool, there was limited information from past empirical studies that connect risk management practices with service delivery of County government in Western Kenya. For instance, Jun et al (2010), Roque and de Carvalho (2013), Boateng and Arthur (2014) as well as Kinyua et al (2015) did not involve populations from devolved authorities. Moreover, most studies did not relate risk identification with service delivery but tended to concentrate on performance. It was therefore critical for a study to be carried out on risk analysis and service delivery among county governments.

2.4.3 Risk Monitoring and Service Delivery

Risk monitoring refers to the constant and timely processes that effectively monitor and control the processes and activities of organizations and carefully control them, the risk monitoring variables are the established continuous procedures and guidelines to effectively monitor and control the characteristics and quality of its credit portfolio (Langat, Mugo, & Otuya, 2013). The procedure of monitoring risks involves identifying problem face by the organization or body or firm, timely reviewing of the risk or problem

and coming up with appropriate corrective measures to manage the risk (Hansen-Addy and Fekpe, 2015). This is the final step in risk management and it involves monitoring and responding to current and emerging risks (Banaitiene, Banaitis & Norkus, 2011). It is recognized that residual and secondary risk may result after implementing response strategies; hence continuous monitoring and feedback are critical practices.

Evidence has been adduced with regard to the positive contribution of risk monitoring practices on performance among various organizations. Limited literature has however covered the contribution of risk monitoring on service delivery among county governments. Mudiyansele and Jayathilake (2012) sought to investigate the risk management practices adopted by 200 small and medium enterprises in Sri Lanka. The results show that the management of risk is strongly concentrated on owner managers and business planning system and the link between the planning and risk management are not well developed in small and medium enterprises. The attitudes of the owner managers and their knowledge towards risks play an essential role in how systematically risks are handled.

Juliane and Alexander (2013) carried out a study to determine how portfolio risk management influences IT project portfolio success in IT enterprises in UK. The objective of the study was to determine whether portfolio risk management influence IT project performance. Data was collected using a questionnaire a cross industry sampling was adopted to select a sample of 176 firms. The results indicated that portfolio risk management shows a significant positive relationship with project performance ($b=0.16$, $p<0.05$). The study concluded that IT project portfolio risk management, portfolio risk identification, risk prevention, risk monitoring, integration of risk information into the project portfolio management, formalization of portfolio risk management has a positive impact on IT project performance.

Koizol and Lawrenz (2008) provided a study in which they assessed the risk of bank failures in the United Arab Emirates. The research study provided a continuous-time model, where banks chose the deposit volume in order to trade off the benefits of earning deposit premiums against the costs that would occur at future capital structure adjustments. Major findings suggested that the dynamic endogenous financing decision introduced an important self-regulation mechanism.

Oyerogba, Ogungbade, and Idode (2016) examined the relationship between the risk management practices and financial performance of the listed companies in Nigeria for the period of ten year from 2005 to 2014, with a particular attention on the 21 deposit money banks. The overall results reveals that risk management practices have a statistically significant impact on financial performance. This result leads to a recommendation that adequate risk management system should be put in place and be reviewed regularly to determine its adequacy, effectiveness and compliance level of the management with this risk management system.

Teka (2017) assessed the risk management practice of insurance companies in Ethiopia using descriptive research design on a target population of 85 employees from risk management and underwriting departments. The findings showed that the firms had risk management practices in terms of the setting risk-related objective and risk assessment, risk response and risk control, communication and monitoring.

Okonjo (2014) sought to establish the relationship between procurement risk management practices and supply chain performance among mobile phone service providers in Kenya. The study established that most of the mobile phone service providers in Kenya implement procurement risk management practices. It was also clear that there was a very significant relationship between procurement risk management practices and supply chain performance represented by adjusted R^2 value of 0.646 which translates to 64.6% variance explained by the ten independent practices of Procurement Risk Management. Despite the importance of risk monitoring in helping better service delivery, there are little past studies on the same among county governments.

It is however critical to note that the reviewed studies (Mudiyanselage and Jayathilake, 2012; Juliane and Alexander, 2013; Koizol and Lawrenz, 2008; Oyerogba et al 2016; Teka, 2017; Okonjo, 2014) did not involve populations from county governments. Studies have tended to focus on profit making organizations like banks, information technology firms as well as other vendor enterprises. Moreover, the aforementioned studies on risk monitoring have tended to focus on performance and profitability as opposed to service delivery. The need to examine risk monitoring under the lenses of service delivery therefore informed the need for the present study.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter provides insight to how the study was carried out. The chapter covers the research design, the study area, target population, sample size and sampling technique, the data collection methods, reliability and validity, and data analysis procedure.

3.1 Research Design

A research design is the plan or structure of investigation capable of obtaining answers to research questions that includes an outline of the research work to enable the representation of results in a form understandable by all (Mugenda & Mugenda, 2003). A descriptive research design was adopted for this study. Descriptive research enables the researcher to describe the existing relationship by using observation and interpretation methods. It provides the researcher with the appropriate methodology to illustrate characteristics of the variables under study. Causal research determines causal linkages between study variables by studying existing phenomena and then reviewing available data so as to try to identify workable causal relationships.

3.2 Study area

The ten counties in Western Kenya cover an area of approximately 19877.5 km². For this study, the researcher focused primarily on the 10 County governments within the Western Kenya region.

3.3 Target population

According to Kothari (2004), a research population is defined as a well-defined collection of individuals or objects known to possess similar characteristics. The target population for this study constitutes all the 10 county governments in Western Kenya. Out of the 47 Counties in Kenya, 10 are found in Western Kenya which are; Bungoma, Busia, Kakamega, Vihiga, Siaya, Kisumu, Homa Bay, Migori, Kisii, and Nyamira.

3.4 Study Sample size and Sampling Technique

This study employed a stratified random sampling method. The sample size for the study was 200 respondents from the 10 County governments in Western Kenya. In each county, the researcher selected 20 respondents from different departments as shown in Table 3.1.

Table 3.1: Study Sample

Category	Number of Participants
Chief Officers	100
Heads of Departments	100
Total	200

Source: County government strategic plans 2013-2017

3.5 Data Collection

3.5.1 Data Type and Sources

The study relied on primary data collected directly from the selected respondents. This comprised quantitative data collected by means of study questionnaire.

3.5.2 Data Collection Procedure

The researcher obtained a letter of introduction from Maseno University which enabled him to apply for a research permit from National Commission of Science, Technology and Innovation (NACOSTI) before commencing the study. The researcher availed the introduction letter to the respondents so as to explain the purpose of the research. To ensure that the instruments to be used for data collection were valid and reliable, a pilot study was conducted; thereafter issues arising from the questionnaire were clarified.

3.5.3 Data Collection Instrument

This study used questionnaires to get primary data. The questionnaire was divided into five sections. The first part of the questionnaire assessed biographical information of the study respondents; section two examines levels of service delivery, while section three of the instrument assessed the effect of risk identification. Section four of the study questionnaire looked at the extent of risk analysis and control, while section five assessed the effect of risk monitoring.

The advantage of using questionnaire is that it enabled each respondent to be asked to respond to the same set of questions, thus providing an efficient way of collecting responses from a large sample prior to quantitative analysis. Questionnaire also reduces time and cost. The questionnaire was scored on a five point linkert scale as: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1). The following key was adopted to interpret the mean ratings:

1.00 – 1.44:	Strongly Disagree
1.45 – 2.44:	Disagree
2.45 – 3.44:	Neutral
3.45 – 4.44:	Agree
4.45 – 5.00:	Strongly Agree

3.5.4 Reliability Tests

Reliability is a measure of the degree to which a research instrument yields consistent results after a repeated trial (Amin, 2005). To attain instrument reliability, test retest method was conducted during a pilot study involving 20 randomly selected deputy chief officers and deputy departmental heads who did not participate in the final study. The instruments were administered on these selected respondents and the researcher allowed a period of two weeks to elapse before the second test was conducted. The researcher accepted a coefficient of 0.7 and above as sufficient and acceptable, implying that the study instruments were capable of yielding consistent responses from the sampled respondents (Nunnally, 1978).

3.5.5 Validity Tests

Mugenda and Mugenda (2003) notes that validity is the degree to which the results obtained from the analysis of the data actually represent the phenomenon under study. The validity of research instruments was realised by scrutinizing the questionnaire items during their construction. Questions were also discussed with the supervisor before giving them to two independent lecturers from the school of Business and Economics of Maseno University for verification, and to assess the content validity so as to clear any lack of clarity and ambiguity. These experts examined the instruments to assess the relevance of the questions to the objectives of the study. These steps were intended to help in improving both content and face validity of the instrument.

3.6 Data Analysis

This study used quantitative data analysis method. Quantitative data such as statistical information on biographical backgrounds of the respondents, risk management practices, level of service delivery, and the contribution of risk management practices on service delivery were analyzed by descriptive and correlational methods. Descriptive statistics such as percentages and frequencies were used to analyse biographical information of

study respondents, while multiple regressions were used to analyse the relationship between risk identification practices, risk analysis and control, risk monitoring and service delivery among the counties as recommended by Hair, Babin, Money & Samouel (2003).

Thus, practices comprising risk identification practices, risk analysis and control, risk monitoring and were compared with service delivery. These variables were tested from a general multiple regression equation of the form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \text{ (Source: Adopted from Hair et al, 2003).}$$

Where:

Y = Service delivery

β_0 = Constant service delivery when risk management practices is nil

β_1 , β_2 and β_3 = Beta coefficients

X_1 = Risk identification practices (measured on a summated scale of 1 to 5)

X_2 = Risk analysis and control (measured on a summated scale of 1 to 5)

X_3 = Monitoring of risks (measured on a summated scale of 1 to 5)

ε = Error term

A partial regression coefficient represents the change in dependent variable, due to one unit change in independent variable; ε is the margin term.

3.7 Data Presentation

The researcher used tables to present the analysed data related to biographical information of respondents, as well as the relationship between risk management practices and service delivery.

3.8 Ethical Considerations

Ethics is defined as use of moral ideologies in designing, conducting and writing research outcomes, with the essential moral standards focusing on the right and the wrong. In social research, ethics involves protection and respect for respondents taking part in the study (British Psychological Society, 2010). Transparency, openness privacy and honesty were the guiding principle during this research. In this study the ethical issues entailed respecting the respondents' individual rights in the data collection. The respondents were also selected on the basis of their willingness and interest to participate in the study.

Once they were briefed on what it entails, the researcher ensured that the respondents feel comfortable and had time to participate in the study.

All data collected were stored under lock and key and only accessible to the supervisor and the researcher. To maintain the confidentiality of the study respondents, the study instruments did not bear names, addresses or any identifiers that could link the information provided to the respondents. The respondents were issued with serial numbers to ensure that the respondent feel free and comfortable to provide truthful information. The respondents were also assured of utmost confidentiality. The consideration of these issues is necessary for the purpose of ensuring the privacy and the security of participants.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

The purpose of the study was to establish the contribution of risk management practices on service delivery among Counties in Western Kenya. Specifically, the study sought to establish how risk identification practices contribute service delivery; determine the contribution of risk analysis and control on service delivery; and to determine how risk monitoring contribute to service delivery among Counties in western Kenya. The questionnaire return rate was 81% since 162 questionnaires out of 200 questionnaires issued were returned.

4.2 Demographic Characteristics of Respondents

The first section of the study questionnaire enquired about demographic information of the study respondents. This information was categorised as gender, age, highest level of education, and period of service of the respondents.

4.2.1 Gender of Respondents

The first part of demographic characteristics examined the gender of the sampled respondents. Table 4.1 presents the distribution of respondents by gender.

Table 4.1: Distribution of study Respondents by Gender

Gender	Frequency	Percent
Male	83	51.2
Female	79	48.8
Total	162	100.0

n= 162; Source: Field Data

Table 4.1 illustrates that majority (51.2%) of the respondents were of male gender while 48.8% were females. This tends to suggest that male persons dominate line management positions among the counties, albeit with a relatively smaller margin. The next part of demographic characteristics that was assessed is the age of the sampled respondents.

4.2.2 Age of the Study Respondents

The other part of demographic characteristics that the study assessed is the age of each of the sampled respondent. Table 4.2 presents the distribution of respondents by age.

Table 4.2: Distribution of Respondents by Age

Years	Frequency	Percent
20 - 25	19	11.7
26 - 30	35	21.6
31 - 35	33	20.4
36 - 40	33	20.4
41 - 45	17	10.5
46 - 50	15	9.3
51 - 55	8	4.9
Above 56	2	1.2
Total	162	100.0

n= 162; Source: Field Data

Table 4.2 indicates that most (21.6%) of the sampled heads of departments and chief officers are of between 26 and 30 years of age, while those of 31 to 35 as well as 36 to 40 were of equal proportion (20.4% each). Equally, 11.7% of the sampled respondents were of between 20 and 25 years of age; 10.5% were between 41 and 45 years old; 9.3% were between 46 and 50 years old; 4.9% were of between 51 and 55 years old, and the remaining 1.2% of the sampled respondents were above 56 years of age. These findings tend to imply that heads of departments and chief officers in the sampled counties are of relatively younger age; hence are expected to put in more energy in ensuring that services were delivered to the people in their respective counties.

4.2.3 Education Levels of the Study Respondents

The third part of the study instrument on demographic characteristics of the respondents enquired about their level of education. Table 4.3 presents the distribution of the study respondents by levels of education.

Table 4.3: Distribution of Respondents by levels of Education

Level of Education	Frequency	Percent
Masters degree	13	8.0
Bachelor's degree	63	38.9
Diploma	71	43.8
Certificate	14	8.6
Others	1	0.6
Total	162	100.0

n= 162; Source: Field Data

According to Table 4.3, most (43.8%) of the sampled heads of departments and chief officers have diploma level of education, with 38.9% having a bachelors degree; 8.6% are of Certificate level of education, 8% have a Masters degree, and 0.6% of the sampled respondents have other levels of education which are not captured in the questionnaire. With over 80% of the heads of departments and chief officers having at least diploma level of education, it is estimated that such qualifications are fair enough to result into better work performance and service delivery in each county.

4.2.4 Number of Years of Service at the County

The fourth part of the study instrument assessed the duration that the sampled heads of departments and chief officers had served at their respective counties. Table 4.4 presents this distribution according to years of service at the county.

Table 4.4: Distribution of Respondents by Years of Service

Years in Service	Frequency	Percent
Less than 3 years	21	13.0
4 - 6 years	48	29.6
7 - 9 years	59	36.4
Ten or more years	34	21.0
Total	162	100.0

n= 162; Source: Field Data

Table 4.4 illustrates that most (36.4%) of the sampled respondents have served in the public service for between seven and nine years, while 29.6% have had between 4 and 6 years of service at their respective counties. Those with ten years and above in public service constituted 21% of the sampled respondents, and the remaining 13% of the respondents indicated that they have less than three years of service at their counties. This finding tends to imply that majority (66%) of the sampled heads of departments and chief officers have between four and nine years of service at their respective counties. It would therefore be interesting to find out their abilities in ensuring that essential services are delivered to the people in their respective counties.

4.3 Risk Management and Service Delivery

The study was basically set to establish how risk management practices influence service delivery among the sampled counties. The study first assessed the level of service delivery among the counties.

4.3.1 Level of Service Delivery

The respondents were asked to state the level of their agreement with services presented in the questionnaire using a scale of: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1) was used to measure the responses from respondents. Table 4.5 illustrates the Mean (*M*) of services delivered and standard deviation (*SD*) obtained through descriptive statistics from the sampled respondents.

Table 4.5: Level of Service Delivery

Services Delivered		n=162	
		Mean	SD
1	Public health service are adequate	2.42	1.718
2	Waste collection and disposal is sufficient	2.54	1.005
3	Agricultural extension services are adequate	2.15	1.827
4	There is sufficient livestock and fisheries services	2.43	1.614
5.	Sufficient road networks have been constructed	2.56	1.428
6.	Roads in the county are well maintained	2.87	1.834
7.	Enough ECDE classrooms have been constructed	3.23	0.982
8.	Enough ECDE teachers have been recruited	3.38	0.962
9.	There is sufficient network of safe water	2.93	1.762
10.	Sanitation services are adequate	2.36	1.714
Overall Mean		2.69	1.485

Table 4.5 illustrates that the sampled respondents remained neutral ($M=2.69$; $SD=1.49$) with the level of delivered services as presented in the questionnaire, based on the mean rating scale (p 21). Specifically, they were undecided that: waste collection and disposal were sufficient ($M=2.54$; $SD=1.005$); sufficient road networks have been constructed ($M=2.56$; $SD=1.43$); roads in the county are well maintained ($M=2.87$; $SD=1.83$); enough ECDE classrooms have been constructed ($M=3.23$; $SD=0.98$); enough ECDE teachers have been recruited ($M=3.38$; $SD=0.96$); and that there is sufficient network of safe water ($M=2.93$; $SD=1.76$). On the other hand, the sampled respondents disagreed that: public health services are adequate ($M=2.42$; $SD=1.72$); agricultural extension services are adequate ($M=2.15$; $SD=1.83$); there are sufficient livestock and fisheries services ($M=2.43$; $SD=1.61$); and that sanitation services are adequate ($M=2.36$; $SD=1.71$).

Findings in Table 4.5 imply that respondents have mixed opinion with regard to the level of service delivery among the 10 counties in western Kenya. Mixed results regarding services like healthcare, ECDE education, and water among others have also been revealed by some studies. Miriti & Keiyoro (2017) found that devolution of government service delivery had increased access to healthcare services in terms of availability, affordability, accessibility and acceptability in Meru Level Five Hospital. However, Abuom et al (2018), in an investigation of the status of quality of ECDE teaching and learning in public pre-schools in four counties in Kenya (Homa Bay, Kisumu, Migori, and Siaya), revealed that the quality of education at this level was compromised by high teacher to learner ratio. This showed lack of enough ECDE teachers. This therefore tends to suggest that service delivery may be sufficient in some sectors as opposed to others.

The foregoing findings in Table 4.5 therefore interrogate the implementation of risk management practices which have been associated with enhancement of performance by the New Institutional theory. New institutional theory states that the performance of the organization is caged by the risk management practices it adopts (Abuya, 2008). According to the theory, long-term continuation of an organization with the management of its resources hence supports this notion that risk management is a key element in the prudent management of the entity's resources as a way of ensuring long-term sustainability of an organization

4.3.2 Risk Identification and Service Delivery

The second part of the questionnaire assessed the first component of risk management practices or steps: risk identification. The sampled respondents were asked to respond to statements related to how risk identification has contributed to service delivery at their counties. The Mean (M) and Standard Deviation (SD) of the responses are presented in Table 4.6.

Table 4.6: Extent of Risk Identification

Risk Identification		n=162	
		Mean	SD
1	Supply chain audit has been used to minimise procurement risks	2.26	1.783
2	Corruption risks are common	3.72	0.862
3	Technological risks hinder performance in the county	2.38	1.036
4	Organizational structure risks are obstructing service delivery	2.95	0.973
5.	Political risks are common hindrance to service delivery	3.83	0.724
6.	Legal risks often delay service delivery in the county	2.87	0.783
7	Frequent turbulence cause operation risks in the county	2.67	0.813
Overall Mean		2.95	0.996

Table 4.6 illustrates that the sampled respondents remained neutral ($M=2.95$; $SD=0.996$) with the extent to which risk identification practices have been applied in the county, based on the mean rating scale (p 21). Specifically, they were undecided that: Organizational structure risks are obstructing service delivery ($M=2.95$; $SD=0.97$); Legal risks often delay service delivery in the county ($M=2.87$; $SD=0.78$); and that frequent turbulence cause operation risks in the county ($M=2.67$; $SD=0.81$). They however agreed that Corruption risks are common ($M=3.72$; $SD=0.86$), and that Political risks are common hindrance to service delivery ($M=3.83$; $SD=0.72$). On the other hand, the sampled respondents disagreed that supply chain audit has been used to minimise procurement risks ($M=2.26$; $SD=1.78$) and that technological risks hinder performance in the county ($M=2.38$; $SD=1.04$).

Findings in Table 4.6 suggest the heads of departments and chief officers are in disagreement concerning the extent that risk identification has been applied for the purposes of enhancing service delivery among the 10 counties. However, findings indicating the impact of political risks on service delivery concur with a study done in Zimbabwe by Mawanza (2015) on the nature of political risks and strategies to manage them. It was found out that the best of all strategies to manage political risk was the low involvement strategy through an integrative approach. Equally, Bellaubi and Pahl-Wostl (2017) established that corruption risks and opportunistic practices reduce the performance of water service deliver in Kenya and Ghana. However, lack of application of supply chain audit to identify and minimize procurement risk seems to be a factor in

exposing the counties to financial losses. Based on the findings by Mburu et al (2015) among 153 manufacturing firms in Nairobi, the techniques used to identify risks in companies are supply chain audit reports; personal experience and past performance.

4.3.3 Risk Analysis/Control and Service Delivery

The third part of the questionnaire examined the second component of risk management practices, namely risk analysis and control. The sampled respondents were asked to respond to statements related to how analysis and control of risks have contributed to service delivery at their counties. The Mean (M) and Standard Deviation (SD) of the responses are presented in Table 4.7.

Table 4.7: Extent of Risk analysis/Control

No	Risk analysis and control measures	N=162	
		Mean	SD
1	Financial risks are likely to occur in procurement department	3.67	0.648
2	Corruption risks are likely to occur in human resource department	4.12	0.643
3	Technological risks are likely in ICT departments	4.03	0.710
4	Loss of equipment is likely among health institutions	3.73	0.824
5.	Wastage of teaching resources is common in public preschool	2.79	1.962
6.	Bad procurement leads to wastage of resources in hospitals, etc	3.49	0.934
7	Employees are well trained to help improve service delivery	2.68	1.894
8	Adequate insurance cover is provided for all facilities	4.36	0.629
9	Pre-screening of supplier's Capacity has led timely project completion	2.59	1.875
Overall Mean		3.5	1.124

Table 4.7 illustrates that the sampled respondents agreed (M=3.5; SD=1.24) with the extent to which analysis and control of risks practices have been applied in their respective counties, based on the mean rating scale (p 21). Specifically, the respondents agreed that: financial risks are likely to occur in procurement department (M=3.67; SD=0.65); corruption risks are likely to occur in human resource department (M=4.12; SD=0.64); technological risks are likely in ICT departments (M=4.03; SD=0.71); loss of equipment is likely among health institutions (M=3.73; SD=0.82); and that adequate insurance cover is provided for all facilities (M=4.36; SD=0.63).

Table 4.7 also illustrates that the sampled respondents were neutral (undecided) as to whether or not: wastage of teaching resources is common in public preschool (M=2.79; SD=1.96); Employees are well trained to help improve service delivery (M=2.68; SD=1.89); pre-screening of supplier's capacity has led timely project completion (M=2.59; SD=1.88).

Findings illustrated in Table 4.7 seem to suggest that most of the counties in the western part of Kenya appreciate that establishment of the likelihood and cost of risk is essential. They perhaps believe that risk analysis impacts positively of project completion as suggested by Hansen-Addy and Fekpe (2015). Studies have supported the fact that risk analysis positively impacts on project success. Jun et al (2010) found that project risk planning and control improve project performance making project complete within time schedule, at the budgeted and vender firm improved on profitability level in a study among China vendor firms. Roque and de Carvalho (2013) found that that adopting risk assessment and planning has a significant positive impact on project success as project staff were able to identify and take measures to mitigate occurrence of risks to a greater extent. They also found that assessing uncertainties during the project, making use of the risk management strategies and deeply understand the business environment are critical success factors had a significant impact on project performance in a study among Brazilian Vendor companies.

4.3.4 Risk monitoring and Service Delivery

The last part of the questionnaire examined the third component of risk management practices: monitoring of risks. The sampled respondents were asked to respond to statements related to how monitoring of risks have contributed to service delivery at their counties. The Mean (M) and Standard Deviation (SD) of the responses are presented in Table 4.8.

Table 4.8: Extent of Risk Monitoring

Risk Monitoring		n=162	
		Mean	SD
1	The County has identified and documented potential risks in its operations	2.36	1.683
2	There is someone responsible for evaluating County Compliance to applicable regulations.	2.69	1.627
3	The County Continuously evaluates its compliance to all applicable regulations	2.41	1.725
4	The County has identified and documented potential risks in its operations.	2.31	1.823
5.	Proposed mitigation strategies have been well defined for the potential risks	2.27	1.853
6.	Proposed mitigation strategies are evaluated continuously	2.36	1.798
Overall Mean		2.4	1.752

Table 4.8 illustrates that the sampled respondents disagreed (M=2.4; SD=1.75) that risk monitoring practices have enhanced service delivery in the county, based on the mean rating scale (p 21). Specifically, the respondents disagreed that: the County has identified and documented potential risks in its operations (M=2.36; SD=1.68); The County continuously evaluates its compliance to all applicable regulations (M=2.41; SD=1.73); The County has identified and documented potential risks in its operations. (M=2.31; SD=1.82); proposed mitigation strategies have been well defined for the potential risks (M=2.27; SD=1.85); and that proposed mitigation strategies are evaluated continuously (M=2.36; SD=1.8).

Findings in Table 4.8 suggest that the extent of risk monitoring among the sampled counties is low. Perhaps this is a major contributor to inconsistency in service delivery indicated in Table 4.5, given the fact that risk monitoring has been showed to have significant relationship with project performance. Portfolio risk monitoring, integration of risk information into the project portfolio management, and formalization of portfolio risk management were found to have positive impact on IT project performance in a study done in the UK by Juliane and Alexander (2013).

Indeed Oyerogba et al (2016) recommended that adequate risk regulation system should be put in place and be reviewed regularly to determine its adequacy, effectiveness and compliance for the purposes of enhancing performance. Additionally, firms in the service sector like insurance have been found by Teka (2017) to be heavily reliant on risk communication and monitoring for the management of financial losses. Inadequate application of risk monitoring reported by the sampled respondents therefore exposes the counties under study to poor performance in as far as service delivery is concerned.

4.4 Relationship between Risk Management and Service Delivery

A descriptive analysis was first done to establish how the sampled departmental heads and chief officers' view risk management practices as applied by the counties for the purposes of enhancing service delivery. Table 4.9 presents the results of the descriptive analysis of quantitative data.

Table 4.9: Descriptive analyses of Risk Management and Service Delivery

	N	Minimum	Maximum	Mean	Std. Deviation
Level of Service Delivery	162	1.00	5.00	2.69	1.485
Extent of Risk Identification	162	1.00	5.00	2.95	0.996
Extent of Risk Analysis	162	1.00	5.00	3.5	1.124
Extent of Risk Monitoring	162	1.00	5.00	2.4	1.752

Valid N (listwise)

162

Source: Field Data (2018)

Table 4.9 indicates that the heads of departments and chief officers were undecided whether or not service delivery has been achieved in their respective counties (M=2.69; SD=1.49). This tends to suggest that there is no clear indicators that services designed to benefit local people in these counties have actually been delivered with success. Similarly, the sampled respondents were also undecided as to whether risk identification (M=2.95; SD=0.1) had been implemented for the enhancement of service delivery. This means that risk identification practices have been applied in an incoherent manner, perhaps without proper and coordinated guideline. However, Table 4.9 also indicates that the respondents agreed (M=3.5; SD=1.12) that risk analysis have been continuously carried out among the counties. The table also indicates that the sampled heads of departments and chief officers however disagreed that risk monitoring (M=2.4; SD=1.75)

has been sufficiently implemented to enhance service delivery in their respective counties.

4.4 Model Relationship between risk Management and Service Delivery

The nature and direction of the relationship between risk management practices (risk identification, risk analysis/control, and risk monitoring) and service delivery was analysed. Table 4.10 presents results of the model of prediction of service delivery among the sampled respondents from the 10 counties in Western Kenya.

Table 4.10: Regressions Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig F Change
					R Square Change	F Change	df1	df2	
1	.421 ^a	0.177	0.156	0.909	0.177	8.457	3	158	0.000

a. Predictor variables: Risk Identification, Risk Analysis/Control, and Risk Monitoring

Table 4.10 illustrates that the coefficient of determination, R^2 is 0.177 ($R^2 = 0.177$; $P < 0.05$). This relationship is positive and significant. However, the contribution of the risk management practices under study seems to be small; hence the model may not be a good predictor of the variation in the dependent variable (service delivery). This finding implies that the risk management practices explain only 17.7% of variation in service delivery among the selected counties in western Kenya. This is rather low, hence questioning whether the counties consider the practices to be critical in enhancing service delivery. Therefore, one unit change in risk management practices result into 17.7% change in service delivery.

The stability of this result is reflected by the minimum adjustment in the adjusted R^2 value of 0.156; only showing a decrease of 0.021. Hence, risk management practices only explain 17.7% of service delivery among the 10 counties, with a significant model fitting ($F=360.83$; $p < 0.000$). Consequently, 82.3% of variation in service delivery among the 10 counties is explained by other variables other than risk management practices: risk identification, risk analysis/control, and risk monitoring.

With only 17% of service delivery being attributed to risk management practices, it means that resources at the counties are exposed to misuse and wastage. Onyango (2015)

succinctly describe the situations among county governments in Kenya: Government owned entities has been marred with mediocrity, lack of defined objectives, ethnicity, and favoritism among many other several factors that in turn constrain effective and efficient service delivery to its citizens. Ethnicity and favouritism here can be closely associated with political interference and corruption. Mwanza (2015) as well as Bellaubi and Pahl-Wostl (2017) seemed to have been clear in their findings concerning both political risk and corruption risk. The former outlined that the best of all strategies to manage political risk was the low involvement strategy through an integrative approach. On the other hand, the latter argued that corruption risks and opportunistic practices reduce the performance of water service delivery. Lack of clear level of service delivery indicated in Table 4.5 among the 10 counties could be associated corruption risks suggested by Bellaubi and Pahl-Wostl (2017).

Findings in Table 4.10 seem to suggest that in all their management practices geared towards service delivery in the 10 counties, risk management practices only contribute 17.7%. This is a very low proportion given the fact that risk management should be instituted in each department of an organization.

Table 4.11 therefore examines the contribution of predictor variables (risk management practices).

Table 4.11: Model of prediction using linear regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.8095	0.221		8.188	0.000
	Risk identification	0.188	0.063	0.262	2.984	0.003
	Risk Analysis	0.006	0.060	0.007	0.1	0.001
	Risk Monitoring	0.105	0.079	0.123	1.329	0.003

a. Dependent Variable: **Service Delivery**

Table 4.11 illustrates that all the coefficients of the independent variable: risk identification, risk analysis, and risk monitoring are significant predictors of service delivery among the selected counties ($p < 0.05$). The null hypotheses are rejected. Risk identification practices have significant contribution to service delivery among counties in western Kenya; risk analysis and control have significant contribution to service

delivery among counties in western Kenya, and risk monitoring has significant contribution to service delivery among counties in western Kenya

It is also illustrated that risk identification has the highest value of contribution (B=0.188) on service delivery among the counties, followed by risk monitoring (B=0.105); and risk analysis (B=0.006).

The regression equation ($Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$) can be written as follows:

Service delivery among the counties = 1.8095 + 0.188(risk identification) + 0.105(risk monitoring) + 0.006(risk analysis).

Findings indicated in Table 4.11 ranks risk identification and monitoring ahead of risk analysis in terms of significance. Whereas the sampled respondents agreed that risk analysis/control was the only risk management practice that the sampled counties have applied (Table 4.7), it (risk analysis) only causes only causes 0.006 unit change in service delivery. This tends to imply that risk management is not efficiently done by the 10 counties under study. This goes against the demands of stakeholder theory which urges the county governments to put in place policies and practices aimed at maximizing benefits to all her stakeholders. The management of these devolved units should formulate robust risk management policies and practices aimed at safeguarding the county resources so as to deliver essential services to the people.

In similar vein, decision makers in every county should design effective risk management practices so as to achieve the objective of bring services closer to the people. As stipulated by resource based theory (Guissepe, 2014), county governments are entrusted with the responsibility of managing resources, part of which comes from the central government, at the County level. The challenge is for the County managers to identify the available resources and plan for them in such a way that they not only derive the maximum benefits from them but also ensure minimal wastage.

Risk management practices have been investigated in various settings, mostly in private institutions, and many of the investigations have associated the practices with improved performance. In the banking sector, Ntongo (2012) examined the relationship between internal controls, financial accountability, and service delivery in the private health sector in Uganda. Significant and positive relationship between Internal Controls, Financial

Accountability, and Service Delivery were found. Furthermore, both internal controls and financial accountability were found to be significant predictors of service delivery.

Similarly within the financial sector, Alam and Masukujjaman (2011) investigated risk management practices of five commercial banks operating in Bangladesh. Credit risk, market risk and operational risk were revealed as the major risks to the bankers. Similarly, Hassan (2009) investigated the degree to which the Islamic banks in Brunei Darussalam implemented risk management practices. It was found that the major risks that were faced by these banks were foreign exchange risk, credit risk and operating risk.

In the construction sector, Hansen-Addy and Fekpe (2015) explored current risk management knowledge and practices of construction professionals in the Ghana. The top five important risks to construction projects were found to be financial issues, inadequate or incorrect architectural and engineering design details, poor quality of materials supplied, failure to meet project quality estimates, and failure to meet project cost estimates. Furthermore, risk management practices have also been investigated in the information and communication technology sector. Juliane and Alexander (2013) examined how portfolio risk management influences IT project portfolio success in IT enterprises in UK. They found that concluded that IT project portfolio risk management, portfolio risk identification, risk prevention, risk monitoring, integration of risk information into the project portfolio management, formalization of portfolio risk management has a positive impact on IT project performance.

The current study has established that the 10 counties under study have applied risk management practices to a small extent.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a summary of the findings of the study, conclusion and recommendations. The researcher also suggests other areas for further studies based on the study findings.

5.1 Summary of findings

The general objective of this study was to examine the contribution of risk management practices on service delivery among counties in western Kenya. The risk mitigation practices assessed were risk identification, risk analysis/control, and risk monitoring.

The study found that service delivery has been achieved neither to small nor large extent by the 10 county governments under investigation (Table 4.9). In addition, the study found that it is unclear whether or not waste collection and disposal were sufficient; sufficient road networks have been constructed; roads in the county are well maintained; enough ECDE classrooms have been constructed; enough ECDE teachers have been recruited; and that there is sufficient network of safe water (Table 4.5). On the other hand, it was found that public health services are inadequate; agricultural extension services are also inadequate; there are insufficient livestock and fisheries services; and that sanitation services are inadequate (Table 4.5). However, only 17.7% of variation in service delivery among the selected counties in western Kenya is attributed to risk management practices (Table 4.10).

The study found that risk identification has neither been applied to a large nor a small extent by the sampled counties (Table 4.9). The study also revealed that it was not clear whether or not organizational structure risks are obstructing service delivery; legal risks often delay service delivery in the county; and frequent turbulence cause operation risks in the counties. On the other hand, the study revealed that corruption risks are common, and that Political risks are common hindrance to service delivery. However, supply chain audit has not been used to minimise procurement risks and, in addition, technological risks have not hindered performance in the counties (Table 4.6). Finally, risk identification has the highest value of contribution on service delivery among the sampled counties (Table 4.11).

With regard to risk analysis, the study established that risk analysis and control have been continuously carried out among the counties (Table 4.9). In particular, financial risks are likely to occur in procurement department; corruption risks are likely to occur in human resource department; technological risks are likely in ICT departments; loss of equipment is likely among health institutions; and adequate insurance cover is provided for all facilities in the counties (Table 4.7). It was also found that it is unclear whether or not wastage of teaching resources is common in public preschool; employees are well trained to help improve service delivery; and whether or not pre-screening of supplier's capacity has led timely project completion (Table 4.7). Risk analysis is indicated as having the lowest contribution on service delivery among the counties (Table 4.11).

Concerning risk monitoring and service delivery, the study found that the practice (risk monitoring) has not been sufficiently implemented to enhance service delivery in the counties (Table 4.9). In addition, the counties have not identified and documented potential risks in its operations; the counties have not continuously evaluated their compliance with all applicable regulations; proposed mitigation strategies have not been well defined for the potential risks; and that proposed mitigation strategies are not being evaluated continuously (Table 4.8). The study also found that risk monitoring has a positive and significant influence on service delivery (Table 4.11).

5.2 Conclusions

Based on the study findings, it is concluded that:

Service delivery has been achieved neither to small nor large extent by the 10 county governments under investigation. Specifically, there is inadequate public health services, agricultural extension services, livestock and fisheries services, and sanitation services are adequate.

Risk identification has neither been applied to a large nor a small extent by the sampled counties. Additionally, risk identification has the highest value of contribution ($B=0.188$) on service delivery among the sampled counties.

Risk analysis and control have been continuously carried out among departments in the counties. Risk analysis is indicated as having the lowest contribution ($B=0.006$) on service delivery among the counties.

Risk monitoring has not been sufficiently implemented to enhance service delivery in their respective counties. However, risk monitoring has a positive and significant influence on service delivery.

5.3 Recommendations

Based on the research findings and conclusions, this study provides recommendations for improvement of risk management practices and service delivery as well as areas for further research.

Due to the fact that risk identification plays a significant role in creating change in service delivery among departments in the counties, it is important that it should be enhanced. The study therefore recommends that each department should develop its own tailor made procedure for carrying out risk identification each financial year. This would eventually address changing forms of risks over time.

Risk analysis is reported in the study as having been applied to a high extent by departments in the counties under study. However, it is revealed that risk analysis has contributed the least towards service delivery among the sampled county governments. This is probably because the analysis does not bring out clear pictures of likelihood and the consequence of the particular risks. The study therefore recommends that risk analysis be done using different methods to unearth the anticipated costs of the particular risks in totality.

Finally, risk monitoring has only been applied by the counties to a small extent. Additionally, the study has revealed that risk monitoring has a significant influence on service delivery. It is therefore recommended that a framework outlining the procedure to be followed for risk monitoring and evaluation be put in place in each department. Monitoring reports should be kept and used to inform formulation of future risk management practices.

The study therefore recommends that research should be made in the following areas: impact of risk identification on service procurement among county governments in western Kenya; effect of risk analysis and control on infrastructural projects among county governments in western Kenya; and the contribution of risk monitoring towards water service project completion among the county governments in western Kenya.

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