

Corporate Risk Management And Risk Response Of Saccos In Lubaga Division Kampala District Uganda

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Abstract

This study examined the influence of corporate risk management practices on risk response among Savings and Credit Cooperative Organizations (SACCOs) in Lubaga Division, Kampala District. Specifically, it investigated how risk identification, risk assessment and analysis, and risk mitigation strategies affect operational and financial risk response outcomes, including loan recovery effectiveness, liquidity management, departmental coordination, and overall organizational resilience. A cross-sectional research design employing a quantitative approach was adopted. The study population comprised SACCO staff across various departments, including administration, finance, credit/loan management, internal audit, and operations. A sample of 120 respondents was selected using stratified random sampling, of which 112 completed questionnaires were valid, yielding a response rate of 93.3%. Data were collected using structured questionnaires and analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. Findings revealed that SACCOs in Lubaga Division implement structured risk management practices. Risk identification, risk assessment, and risk mitigation strategies were positively and significantly associated with effective risk response. Correlation analysis indicated significant positive relationships between risk identification ($r = 0.63$, $p < 0.01$), risk assessment and analysis ($r = 0.59$, $p < 0.01$), and risk mitigation strategies ($r = 0.67$, $p < 0.01$) with risk response. Multiple regression analysis showed that these risk management practices collectively explained 54% of the variance in risk response ($R^2 = 0.54$), with mitigation strategies demonstrating the strongest predictive effect ($\beta = 0.35$, $p < 0.001$). The study concludes that structured corporate risk management practices enhance SACCOs' capacity to respond to operational and financial risks. The findings underscore the importance of integrating risk identification, assessment, and mitigation into daily SACCO operations to improve loan recovery, maintain liquidity, and strengthen organizational resilience. It is recommended that SACCO management institutionalize comprehensive risk management frameworks, provide regular staff training, allocate resources for risk mitigation, and ensure continuous monitoring of risk practices. The study contributes to both theory and practice by providing empirical evidence supporting ISO 31000 and COSO Enterprise Risk Management frameworks in the SACCO sector.

Keywords: SACCOs, Corporate Risk Management, Risk Identification, Risk Assessment, Risk Mitigation, Risk Response, Organizational Resilience

Background to the Study

Corporate risk management has become a critical component of organizational governance and sustainability, particularly in financial institutions operating in increasingly volatile and competitive environments (ISO 31000, 2018; COSO, 2017). Globally, financial institutions face diverse risks including credit risk, liquidity risk, operational risk, fraud, regulatory risk, cyber threats, and economic instability (Innocent et al., 2023). These risks necessitate structured

Enterprise Risk Management (ERM) frameworks that systematically identify, assess, mitigate, and monitor risks to ensure financial stability and long-term sustainability (ISO 31000, 2018).

From a theoretical perspective, corporate risk management is grounded in Systems Theory and Contingency Theory. Systems Theory emphasizes that organizations function as interconnected systems where risks affecting one component can influence overall performance (Promise et al., 2024). Therefore, effective risk management requires a holistic and integrated approach across departments and functions (Ivan et al., 2023). Contingency Theory, on the other hand, posits that there is no universal risk management model suitable for all organizations; instead, risk management structures and responses must be tailored to specific organizational characteristics, size, regulatory environment, and external uncertainties (Promise et al., 2024).

In the financial sector, risk management plays a particularly crucial role due to the fiduciary responsibility institutions hold over members' and clients' funds (Ntirandekura, Friday, et al., 2022). Globally, financial cooperatives and microfinance institutions have strengthened their internal control systems and risk governance mechanisms following financial crises that exposed vulnerabilities in credit management, liquidity planning, and operational oversight (World Bank, 2022; WOCCU, 2023). Effective risk management practices in cooperative financial institutions enhance financial performance, protect member savings, ensure regulatory compliance, and strengthen institutional resilience (Ntirandekura, Friday, et al., 2022).

In Uganda, SACCOs serve as key drivers of financial inclusion, especially for low- and middle-income earners who may not easily access commercial banking services. SACCOs mobilize savings and provide affordable credit to their members, contributing significantly to poverty reduction, entrepreneurship, and local economic development (Ministry of Trade, Industry and Cooperatives, 2023). The Uganda Microfinance Regulatory Authority (UMRA) regulates Tier 4 financial institutions, including SACCOs, and emphasizes the importance of sound corporate governance, internal controls, and risk management practices to safeguard member funds and ensure sector stability (UMRA, 2024).

Despite regulatory efforts and reforms, SACCOs in Uganda continue to face numerous risks such as loan defaults, liquidity shortages, fraud, mismanagement, weak internal controls, and governance challenges (Christopher et al., 2022). Auditor reports and sector assessments frequently highlight issues of poor credit appraisal, inadequate risk assessment procedures, limited board oversight, and weak risk response mechanisms, which expose SACCOs to financial distress and, in some cases, collapse (UMRA Annual Report, 2024). These challenges are particularly evident in urban divisions such as Lubaga Division in Kampala District, where SACCOs operate in competitive and economically dynamic environments characterized by informal businesses, fluctuating incomes, and high credit demand (Derrick et al., 2023).

Lubaga Division hosts a significant number of SACCOs serving traders, small-scale entrepreneurs, civil servants, and community groups, contributing to financial inclusion and local economic development in Kampala District (Ministry of Trade, Industry and Cooperatives [MTIC], 2023; Uganda Microfinance Regulatory Authority [UMRA], 2024).

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While many SACCOs have adopted formal governance structures, financial management systems, and internal control frameworks in line with regulatory requirements, the extent to which corporate risk management practices translate into effective risk response remains unclear (UMRA, 2024; WOCCU, 2023).

Risk response refers to the strategies and actions taken by organizations to mitigate, transfer, avoid, or accept identified risks in order to minimize potential losses and enhance organizational resilience (ISO 31000, 2018; COSO, 2017). Effective risk response mechanisms such as strengthened loan recovery procedures, diversification of income sources, liquidity management strategies, insurance coverage, portfolio monitoring, and regular internal audits are essential for sustaining SACCO operations, protecting members' savings, and ensuring regulatory compliance (World Bank, 2022; WOCCU, 2023). In cooperative financial institutions, proactive risk response enhances financial stability and reduces vulnerability to credit and operational shocks (OECD, 2023).

However, empirical evidence linking corporate risk management frameworks to practical risk response outcomes within SACCOs in Lubaga Division remains limited (Gloria et al., 2023). Sector reports indicate that some SACCOs in Uganda continue to experience high levels of non-performing loans, liquidity constraints, delayed financial reporting, weak internal controls, and governance disputes (UMRA Annual Report, 2024; MTIC, 2023). High credit default rates and inadequate risk monitoring mechanisms have been identified as persistent challenges affecting SACCO sustainability, particularly in urban settings characterized by informal and fluctuating income sources (Bank of Uganda, 2023; World Bank, 2022). These challenges suggest possible gaps between risk policy formulation and effective implementation at the operational level (Alex & Devis, 2023).

This situation raises concerns about the adequacy of existing corporate risk management systems and their effectiveness in enhancing organizational resilience and financial sustainability among SACCOs. Therefore, this study seeks to examine the relationship between corporate risk management practices and risk response among SACCOs in Lubaga Division, Kampala District. Understanding this relationship will provide insights into how SACCOs can strengthen governance structures, improve risk mitigation strategies, enhance financial sustainability, and promote confidence among members, regulators, and other stakeholders (ISO 31000, 2018; UMRA, 2024).

Statement of the Problem

Despite increased emphasis on corporate governance, internal controls, and risk-based supervision within Uganda's financial cooperative sector, risk-related challenges continue to affect the performance and sustainability of Savings and Credit Cooperative Organizations (SACCOs), particularly in urban areas such as Lubaga Division, Kampala District. SACCOs in Uganda have experienced persistent challenges including high non-performing loans, liquidity shortages, fraud, mismanagement of funds, weak internal controls, and governance conflicts, which threaten members' savings and institutional stability (UMRA, 2024; MTIC, 2023; Bank of Uganda, 2023). These challenges expose gaps in risk identification, risk assessment, monitoring, and response mechanisms within cooperative financial institutions (Irumba et al., 2024).

Although many SACCOs have established governance structures such as boards of directors, supervisory committees, internal audit functions, credit committees, and risk policies in compliance with regulatory requirements under the Uganda Microfinance Regulatory Authority (UMRA), sector reports continue to highlight weaknesses in implementation and enforcement of risk management frameworks (UMRA Annual Report, 2024). In several SACCOs, inadequate credit appraisal procedures, poor loan recovery strategies, weak liquidity planning, and limited risk monitoring systems have contributed to financial distress and, in some cases, institutional collapse (World Bank, 2022; WOCCU, 2023). This suggests that the existence of corporate risk management structures does not automatically translate into effective risk response outcomes.

Furthermore, urban SACCOs operating in Lubaga Division face unique environmental risks, including fluctuating incomes of members engaged in informal businesses, high competition, economic shocks, and increased credit demand (Sarah & Audrey, 2024). These conditions heighten exposure to credit, liquidity, operational, and reputational risks. However, there is limited empirical evidence examining how corporate risk management practices influence actual risk response strategies such as loan recovery mechanisms, liquidity management, portfolio diversification, fraud prevention measures, and contingency planning within SACCOs at the divisional level (Ntirandekura, Ainebyoona, et al., 2022).

Most existing studies in Uganda have focused broadly on microfinance performance, financial inclusion, or governance challenges, with limited attention to the direct relationship between corporate risk management frameworks and practical risk response effectiveness among SACCOs in specific local contexts (Hampshire, 2017). The absence of localized empirical evidence constrains regulators, policymakers, and SACCO managers from understanding whether current risk governance mechanisms adequately enhance institutional resilience and sustainability (Sarah & Audrey, 2024). Therefore, this study seeks to investigate the relationship between corporate risk management practices and risk response among SACCOs in Lubaga Division, Kampala District, Uganda. The study aims to generate empirical evidence on how risk identification, risk assessment, internal controls, and governance structures influence the effectiveness of risk response strategies (Alex & Kazaara, 2023). Findings from this research are expected to inform policy implementation, strengthen risk governance frameworks, enhance financial sustainability, and improve confidence among SACCO members and regulators (Julius & Kaazara, 2025a).

General objective

The general objective of this study was to examine the effect of corporate risk management on risk response among Savings and Credit Cooperative Organizations (SACCOs) in Lubaga Division, Kampala District, Uganda.

Research Objectives

The study was guided by the following objectives:

- i. To assess the effect of risk identification on risk response among SACCOs in Lubaga Division, Kampala District.

- ii. To examine the effect of risk assessment and analysis on risk response among SACCOs in Lubaga Division, Kampala District.
- iii. To determine the effect of risk mitigation strategies on risk response among SACCOs in Lubaga Division, Kampala District.
- iv. To establish the overall relationship between corporate risk management and risk response among SACCOs in Lubaga Division, Kampala District.

Research Questions

The study was guided by the following research questions, which were formulated to align with the specific objectives:

- i. What was the effect of risk identification on risk response among SACCOs in Lubaga Division, Kampala District?
- ii. How did risk assessment and analysis influence risk response among SACCOs in Lubaga Division, Kampala District?
- iii. To what extent did risk mitigation strategies affect risk response among SACCOs in Lubaga Division, Kampala District?
- iv. What was the overall relationship between corporate risk management practices and risk response among SACCOs in Lubaga Division, Kampala District?

Scope of the Study

Content Scope

The study focused on corporate risk management as the independent variable and risk response as the dependent variable. Corporate risk management was examined through the processes of risk identification, risk assessment and analysis, implementation of risk mitigation strategies, and the use of risk monitoring and control mechanisms (Julius & Nancy, 2025). Risk response was measured by evaluating the effectiveness of loan recovery strategies, liquidity management practices, fraud prevention and internal control effectiveness, portfolio diversification, and overall organizational resilience and financial stability (Brian et al., 2024). This approach ensured that the study captured both the managerial practices aimed at controlling risks and the outcomes in terms of the organizations' ability to respond effectively to potential crises (Alex & Julius, 2024).

Geographical Scope

The study was conducted among selected SACCOs operating in Lubaga Division, Kampala District, Uganda. Lubaga Division was selected because it hosted a significant number of SACCOs serving traders, small-scale entrepreneurs, civil servants, and community groups within an urban and economically dynamic environment.

Time Scope

The study covered a period of five years (2020–2025) to capture recent trends in corporate risk management practices and risk response strategies among SACCOs, including experiences during and after the COVID-19 pandemic and subsequent economic adjustments.

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Significance of the Study

The study was significant in several ways, addressing practical, policy, and academic contributions.

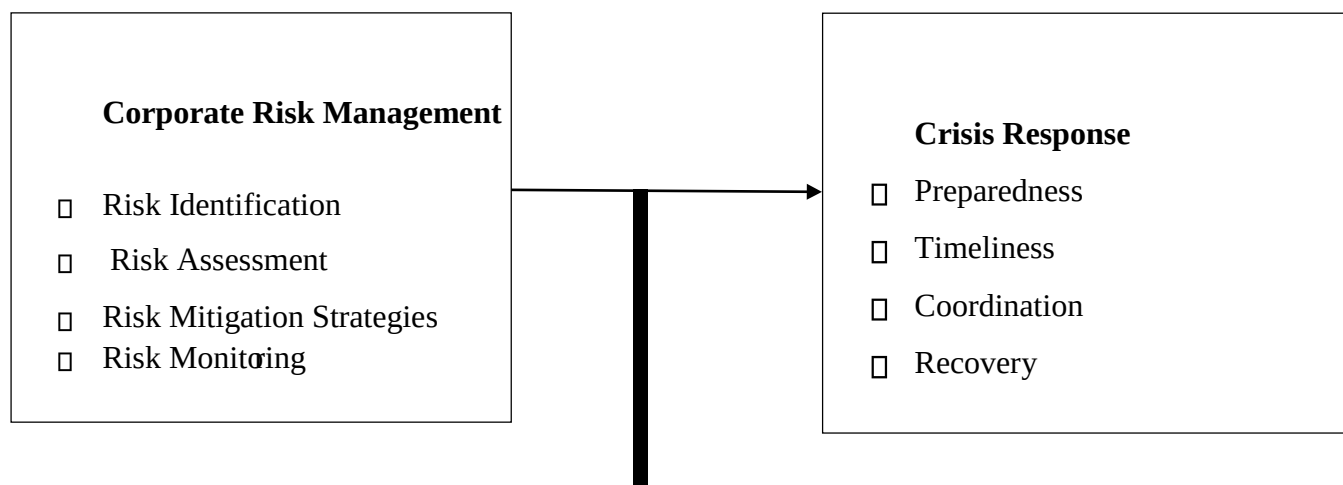
For SACCO management and boards of directors, the findings provided practical insights into how corporate risk management practices including risk identification, assessment, mitigation, and monitoring enhanced effective risk response. By understanding the relationship between structured risk governance and operational outcomes, SACCO leaders were able to strengthen internal controls, improve credit management, enhance liquidity planning, and safeguard members' savings. This contributed to reducing non-performing loans, financial losses, and institutional instability.

For regulators and policymakers, particularly the Uganda Microfinance Regulatory Authority (UMRA) and the Ministry of Trade, Industry and Cooperatives, the findings provided empirical evidence on how corporate risk management frameworks influenced risk response effectiveness at the SACCO level. This informed improvements in supervisory guidelines, risk-based monitoring approaches, compliance enforcement, and capacity-building programs aimed at strengthening governance and financial sustainability within the cooperative sector.

Conceptual Framework

Independent Variables

Dependent Variables



Source: Adapted from ISO
OECD (2021), updated by a

- Organizational culture
- Staff competency
- Technology adoption
- Regulatory compliance

31000 (2018), COSO (2017), and
researcher ,2025

Operational Definitions of Key Terms Corporate Risk Management (CRM):

Corporate Risk Management refers to a structured and systematic process through which SACCOs identify, assess, mitigate, and monitor risks that may hinder the achievement of their financial and operational objectives (ISO 31000, 2018; COSO, 2017). In the context of SACCOs in Lubaga Division, CRM involves the establishment of governance structures, risk policies, internal control systems, credit management procedures, and compliance mechanisms to safeguard members' savings, ensure financial sustainability, and meet regulatory requirements set by the Uganda Microfinance Regulatory Authority (UMRA, 2024). Effective CRM integrates risk considerations into decision-making processes and promotes proactive management of credit, liquidity, operational, and governance risks.

Risk Response:

Risk response refers to the strategies and actions undertaken by SACCOs to address identified risks in order to minimize potential losses and ensure institutional stability (ISO 31000, 2018; COSO, 2017). Risk response strategies may include risk avoidance, risk reduction, risk sharing (e.g., insurance), or risk acceptance with appropriate controls. In SACCOs, risk response is reflected through effective loan recovery mechanisms, liquidity management practices, fraud prevention measures, diversification of income sources, strengthening of internal audits, and contingency planning to maintain financial resilience (World Bank, 2022; WOCCU, 2023).

Risk Identification:

Risk identification is the systematic process of recognizing potential internal and external events that may negatively affect a SACCO's operations, financial performance, and sustainability (ISO 31000, 2018). Within SACCOs in Lubaga Division, risk identification involves detecting credit risks such as loan defaults, liquidity risks arising from cash flow imbalances, operational risks including fraud and system failures, regulatory compliance risks, and

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governance-related risks. Effective risk identification enables SACCOs to anticipate vulnerabilities and take timely preventive action (UMRA, 2024).

Risk Assessment and Analysis:

Risk assessment and analysis refer to the process of evaluating identified risks in terms of their likelihood and potential impact on organizational objectives (COSO, 2017). In SACCOs, this involves credit appraisal procedures, portfolio analysis, liquidity ratio analysis, internal audit reviews, and financial reporting assessments. Proper risk assessment helps SACCO management prioritize risks and allocate resources efficiently to areas of greatest exposure (World Bank, 2022).

Risk Mitigation:

Risk mitigation involves implementing appropriate strategies and control measures to reduce the probability or impact of identified risks (ISO 31000, 2018; COSO, 2017). In the context of SACCOs, mitigation measures may include strengthening loan appraisal processes, enforcing collateral requirements, diversifying loan portfolios, enhancing internal controls, conducting regular audits, implementing segregation of duties, and staff capacity building. Effective risk mitigation minimizes financial losses, enhances member confidence, and promotes institutional sustainability (WOCCU, 2023; UMRA, 2024).

Literature Review

Corporate Risk Management (CRM) refers to the structured and systematic process of identifying, assessing, mitigating, and monitoring risks that may affect an organization's ability to achieve its objectives (ISO 31000, 2018; COSO, 2017). It involves establishing policies, procedures, and control mechanisms that guide how risks are managed across all levels of the organization. CRM ensures that potential threats are identified early and addressed in a coordinated and strategic manner, thereby enhancing organizational resilience and sustainability (Aven, 2020; OECD, 2021).

In Savings and Credit Cooperative Organizations (SACCOs), CRM focuses primarily on financial sustainability, protection of members' savings, regulatory compliance, and operational stability (WOCCU, 2023; World Bank, 2022). SACCOs operate in dynamic financial environments characterized by credit risk arising from loan defaults, liquidity risk due to withdrawal pressures, operational risk linked to internal processes, fraud risk, and regulatory risk (UMRA, 2024; Basel Committee on Banking Supervision [BCBS], 2021). Without a structured risk management framework, these risks can significantly undermine institutional performance, erode capital, and reduce member confidence (OECD, 2021; World Bank, 2022).

Effective CRM in SACCOs involves establishing strong governance structures such as boards of directors, credit committees, and supervisory committees that oversee risk policies and ensure accountability (COSO, 2017; WOCCU, 2023). It also includes maintaining risk registers, conducting regular credit appraisal and portfolio reviews, implementing internal audit functions, enforcing segregation of duties, and strengthening internal control mechanisms (UMRA, 2024; Basel Committee, 2021). These mechanisms help detect irregularities early, minimize financial losses, enhance transparency, and ensure compliance with regulatory requirements (OECD, 2021; Aven, 2020).

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Furthermore, CRM requires continuous risk assessment and monitoring to evaluate the likelihood and impact of identified risks (ISO 31000, 2018). For example, SACCOs must regularly assess borrowers' repayment capacity, monitor non-performing loan ratios, and evaluate liquidity positions to prevent financial distress (World Bank, 2022; WOCCU, 2023). Technology adoption, such as Management Information Systems (MIS), plays a critical role in enhancing risk monitoring, improving reporting accuracy, and supporting data-driven decision-making (OECD, 2021; UMRA, 2024).

Strong corporate risk management enhances transparency, improves strategic and operational decision-making, reduces incidences of fraud and mismanagement, improves loan portfolio quality, and strengthens institutional resilience (COSO, 2017; World Bank, 2022). It fosters stakeholder confidence by assuring members that their savings are safeguarded through prudent governance and sound financial practices (WOCCU, 2023).

Moreover, CRM promotes a proactive risk culture where management anticipates potential challenges such as loan defaults, liquidity shortages, economic downturns, competition, or regulatory changes (Aven, 2020; OECD, 2021). Integrating risk management into strategic planning enables SACCOs to align their growth objectives with their risk-bearing capacity. This integration ensures that expansion strategies, loan product development, and investment decisions are undertaken with due consideration of associated risks and regulatory expectations (COSO, 2017; Basel Committee, 2021).

In summary, corporate risk management is a critical foundation for ensuring sustainability, operational efficiency, regulatory compliance, and effective risk response in SACCOs. Institutions that embed structured risk management practices into their daily operations are more likely to withstand financial shocks, maintain liquidity stability, and achieve long-term institutional growth (World Bank, 2022; WOCCU, 2023).

Risk response refers to the strategies and actions taken by an organization to manage identified risks in order to minimize potential losses and maintain operational continuity (ISO 31000, 2018; COSO, 2017). It represents the practical implementation phase of risk management, where institutions move beyond identifying and assessing risks to taking deliberate measures that address their potential impact. Effective risk response ensures that organizations are not only aware of their risk exposure but are also adequately prepared to handle uncertainties in a timely and structured manner (Aven, 2020).

Risk response generally involves selecting appropriate strategies such as avoiding high-risk activities, reducing the likelihood or impact of risk events, transferring risk through mechanisms like insurance or partnerships, or accepting certain risks within defined tolerance levels while implementing internal controls to manage them (ISO 31000, 2018; OECD, 2021). The choice of response strategy depends on the organization's risk appetite, financial capacity, regulatory requirements, and strategic objectives (Sarah & Audrey, 2024). A well-designed risk response plan balances cost effectiveness with risk reduction to ensure long-term sustainability.

In Savings and Credit Cooperative Organizations (SACCOs), effective risk response is particularly important due to their exposure to financial and operational uncertainties. Risk response mechanisms in SACCOs are reflected through strong loan recovery procedures, continuous monitoring of non-performing loans, prudent liquidity management practices, fraud prevention systems, portfolio diversification, contingency planning, and strict adherence to regulatory requirements (World Bank, 2022; UMRA, 2024; WOCCU, 2023). For instance, timely follow-up on loan arrears, restructuring of distressed loans, and enforcement of collateral requirements help minimize credit losses. Similarly, maintaining adequate liquidity reserves and diversifying income sources reduce vulnerability to sudden withdrawal pressures (Akankwasa et al., 2022).

Effective risk response also requires clear communication channels, coordinated decision-making, and functional internal control systems. Internal audits, supervisory committees, and management information systems support timely detection of emerging threats and facilitate quick corrective actions (Ivan et al., 2023). Without effective response mechanisms, identified risks may escalate into financial distress, capital erosion, reputational damage, and eventual institutional failure (OECD, 2021; World Bank, 2022).

SACCOs operating in urban settings such as Lubaga Division face dynamic and sometimes unpredictable financial risks due to informal business activities, fluctuating member incomes, market competition, and economic shocks (WOCCU, 2023; UMRA, 2024; World Bank, 2022). These conditions increase the likelihood of loan defaults, liquidity constraints, and operational disruptions, making proactive and adaptive risk response strategies essential (Mutua & Wanjau, 2021; Karanja, 2020). In such environments, institutions that respond promptly to financial warning signs, implement loan recovery mechanisms, and adjust their credit and liquidity policies accordingly are more likely to safeguard members' savings, maintain operational stability, and ensure long-term sustainability (WOCCU, 2023; UMRA, 2024).

Methodology

Research Design

The study adopted a cross-sectional research design using a quantitative approach. The cross-sectional design was considered appropriate because it allows data collection from respondents at a single point in time, providing a snapshot of corporate risk management practices and risk response in SACCOs (Creswell, 2014; Kothari, 2020). The quantitative approach enabled the measurement of perceptions, practices, and relationships among variables numerically, allowing statistical analysis to identify patterns, correlations, and predictive effects (Winny et al., 2023). This design supported the testing of hypotheses regarding the influence of risk identification, risk assessment, and mitigation strategies on effective risk response.

Study Population

The study population consisted of staff and management in SACCOs operating in Lubaga Division, Kampala District. This included officials involved in governance, credit management, internal audit, operations, and risk management (Olanrewaju et al., 2021). These personnel were targeted because they possessed the knowledge, skills,

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and experience necessary to provide accurate and relevant information regarding corporate risk management practices and risk response within SACCOs.

Sample Size and Sampling Techniques

Sample Size

A total of 120 respondents were selected as the sample for the study. This size was considered adequate to provide reliable and representative findings while remaining manageable within the available resources and timeframe (Jallow et al., 2022). The chosen sample ensured sufficient statistical power to detect relationships between variables and minimized potential sampling error (Krejcie & Morgan, 1970).

Sampling Techniques

Stratified sampling was employed to categorize respondents according to SACCO functional areas such as credit, operations, audit, and administration. Within each stratum, simple random sampling was applied to select respondents. This approach minimized selection bias and ensured fair representation of different functional units within SACCOs, capturing diverse perspectives on corporate risk management practices and risk response mechanisms.

Data Sources and Collection Instruments

Both primary and secondary data sources were utilized. Primary data were obtained from respondents using structured questionnaires, allowing collection of first-hand information on risk management practices and risk response strategies (Maiga et al., 2021). Secondary data were collected from SACCO reports, regulatory documents from the Uganda Microfinance Regulatory Authority (UMRA), previous studies, and relevant literature on corporate risk management and financial risk response. Secondary data provided contextual insights and complemented primary data, enhancing the robustness of the analysis.

Data were collected using self-administered structured questionnaires, allowing respondents sufficient time to provide considered responses. The questionnaire adopted a five-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree (Julius & Kaazara, 2025b). The instrument consisted of three sections: the first captured demographic information such as age, gender, position, years of experience, and SACCO size; the second focused on corporate risk management practices, including risk identification, risk assessment, and mitigation; and the third assessed risk response outcomes, including loan recovery effectiveness, liquidity management, and operational stability.

Validity and Reliability of the Instrument

Content validity was ensured through expert review by supervisors and professionals in finance and risk management. The Content Validity Index (CVI) was computed to quantify the relevance of each questionnaire item, with a CVI of 0.70 or above considered acceptable (Polit & Beck, 2021).

Reliability was assessed using Cronbach's Alpha to measure internal consistency. A coefficient of 0.70 or above indicated acceptable reliability (Glien & Glien, 2003). A pilot study was conducted with a small group of SACCO staff to refine ambiguous items, improve clarity, and enhance the reliability of the instrument. Feedback from the pilot

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study led to minor adjustments in phrasing and structure to ensure the questionnaire was clear, comprehensive, and easy to complete (Abiodun et al., 2022).

Data Analysis Procedures

Data were edited, coded, and entered into SPSS for analysis (Nelson et al., 2022). Descriptive statistics, including frequencies, percentages, means, and standard deviations, summarized respondent characteristics and key study variables. Inferential statistics, such as correlation analysis, assessed relationships between corporate risk management practices and risk response outcomes. Regression analysis determined the predictive effect of risk management practices on risk response. Results were presented using tables, charts, and graphs for clarity and ease of interpretation.

Ethical Considerations

The study upheld strict ethical standards. Permission was obtained from SACCO management before data collection. Respondents were fully informed of the study's purpose, and participation was voluntary. Confidentiality and anonymity were maintained, and data were used solely for academic purposes (Israel & Hay, 2020). Ethical compliance ensured the study maintained integrity and respected participant rights.

Limitations of the Study

Potential limitations included respondent bias, where participants might provide socially desirable answers, and limited access to some SACCO staff due to operational commitments. These limitations were mitigated by explaining the purpose of the study clearly, ensuring confidentiality, and allowing flexibility in questionnaire administration. Stratified and random sampling techniques further enhanced representativeness and reliability despite these limitations.

Dissemination of Findings

Findings were disseminated to SACCO management, regulatory bodies such as UMRA, policymakers, and academic institutions. Dissemination occurred through submission of the research report, presentations, and policy briefs. The study aimed to provide evidence-based recommendations for strengthening corporate risk management practices, enhancing risk response effectiveness, and improving institutional resilience within SACCOs in Lubaga Division.

Results

Corporate Risk Management Practices

Table 1: Risk Identification

Statement	SD	D	N	A	SA	Mean	SD
SACCO systematically identifies potential operational risks	5	7	14	56	30	4.1	0.76
Risk identification is conducted across all departments	4	10	18	55	25	4.0	0.79

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Employees are involved in identifying operational/strategic risks	6	8	20	50	28	4.0	0.82
External risks are identified in advance	7	10	21	48	26	3.9	0.81
Risk registers and reports are regularly updated	5	12	18	50	27	4.0	0.77

Source: Primary Data, 2026

The findings indicate that SACCOs in Lubaga Division have established structured practices for identifying risks that could affect their operations. The mean scores, which range from 3.9 to 4.1, suggest a high level of compliance with risk identification protocols. SACCOs systematically identify operational risks by considering both internal factors, such as staff competencies, processes, and resource constraints, and external factors, including economic shifts, market volatility, and regulatory changes. The inclusion of employees in the risk identification process reflects a participatory approach, allowing staff at all levels to contribute their insights based on frontline experience and operational observations(Nelson et al., 2023).

Conducting risk identification across all departments ensures that no area of operations is overlooked, which reduces the likelihood of unexpected financial losses, compliance breaches, or operational failures. Regular updating of risk registers and reports demonstrates a proactive approach to risk management, in line with ISO 31000 recommendations, which emphasize the need for continuous identification and documentation of risks as organizational environments evolve.

The moderate standard deviations indicate that responses were generally consistent among participants, reinforcing the notion that SACCOs maintain uniform practices across departments. The proactive identification of external risks, such as market volatility and informal sector fluctuations, highlights that SACCOs are not only concerned with internal processes but also with macroeconomic and environmental factors that could affect their sustainability. This approach ensures that SACCOs are capable of anticipating potential disruptions and implementing preventive measures before they escalate into crises.

Extended interpretation suggests that SACCOs adopting such structured risk identification practices are better positioned to achieve early warning signals for potential financial, operational, or reputational threats. By systematically engaging staff in risk identification and maintaining updated risk registers, these SACCOs can prioritize resources effectively, improve decisionmaking, and foster a culture of risk awareness. The findings corroborate prior studies, which indicate that participatory risk identification enhances organizational resilience and supports timely interventions (COSO, 2017; ISO 31000, 2018).

Table 2: Risk Assessment and Analysis

Statement	SD	D	N	A	SA	Mean	SD
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Identified risks are assessed for impact	6	8	18	52	28	4.0	0.80
Risks are prioritized according to severity	5	9	20	50	28	4.0	0.79
Assessment outcomes guide management	4	10	22	51	25	3.9	0.78
Assessment is conducted regularly across departments	6	12	20	50	24	3.9	0.81
Adequate tools and personnel available	7	11	18	52	24	3.9	0.80

Source: Primary Data, 2026

The analysis of risk assessment and analysis practices shows that SACCOs prioritize risks according to their severity and potential impact on operations. Mean scores consistently around 4.0 indicate strong adherence to assessment protocols. SACCOs employ both qualitative and quantitative techniques to evaluate risks, such as likelihood-impact matrices, scenario analysis, and trend monitoring, allowing management to focus on high-priority risks. The assessment results are utilized in decision-making, influencing resource allocation, contingency planning, and strategic initiatives.

Regular assessment across all departments ensures that risk evaluation is not limited to finance or credit areas but extends to operational, administrative, and auditing functions. This comprehensive approach supports integrated risk management, minimizing the likelihood of operational silos and ensuring that potential vulnerabilities are addressed across the organization. Adequate tools, including risk registers, dashboards, and analytical software, along with trained personnel, enable SACCOs to perform risk assessments efficiently and consistently.

Extended discussion reveals that risk assessment outcomes directly affect risk mitigation planning. By identifying high-impact risks, SACCO management can develop targeted strategies, allocate resources optimally, and prioritize training and support for staff in critical areas. Consistency in assessment practices across departments also strengthens communication of risk information to senior management and regulatory bodies, promoting accountability and transparency. The findings align with theoretical frameworks in risk management, including COSO (2017) and ISO 31000 (2018), which advocate structured assessment as a foundation for effective mitigation and response strategies.

Table 3: Risk Mitigation Strategies

Statement	SD	D	N	A	SA	Mean	SD
Clear mitigation strategies for major risks	5	10	15	50	32	4.2	0.74
Contingency plans exist for emergencies	6	9	18	50	29	4.1	0.76
Staff are trained to implement strategies	5	11	20	52	24	4.0	0.77
Resources allocated for mitigation	7	10	18	50	27	4.0	0.79

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Strategies are reviewed periodically	6	12	20	48	26	3.9	0.78
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Source: Primary Data, 2026

The findings indicate that SACCOs in Lubaga Division have established effective mitigation strategies to manage identified risks. The highest mean score (4.2) pertains to the presence of clear mitigation strategies for major operational and financial risks, demonstrating that management prioritizes structured planning to reduce vulnerability. Contingency planning, such as emergency funds for liquidity shortages or alternative loan recovery approaches, ensures that SACCOs can maintain operational stability in the event of unexpected disruptions.

Staff training is a key component of mitigation strategies, ensuring that personnel understand procedures, responsibilities, and response protocols. Resources are adequately allocated to implement mitigation measures, supporting operational continuity and safeguarding financial performance. The periodic review of strategies, reflected in a mean score of 3.9, demonstrates an awareness that risks evolve over time, necessitating continuous monitoring and adaptation.

In-depth interpretation shows that these mitigation practices enhance organizational resilience by combining strategic planning with operational readiness. Well-trained staff, sufficient resources, and updated procedures enable SACCOs to respond efficiently to emerging risks, reduce potential losses, and maintain member confidence. The findings align with global best practices, which suggest that risk mitigation is most effective when it is comprehensive, participatory, and adaptable to changing internal and external environments (ISO 31000, 2018; COSO, 2017). By implementing robust mitigation strategies, SACCOs reduce operational uncertainty and enhance their ability to recover from adverse events.

Table 4: Correlation Analysis

Variables	Risk Response
Risk Identification	0.63**
Risk Assessment and Analysis	0.59**
Risk Mitigation Strategies	0.67**
Note: **p < 0.01	

Source: Primary Data, 2026

The Pearson correlation analysis was conducted to examine the relationship between corporate risk management practices and risk response outcomes in SACCOs operating in Lubaga Division. The findings reveal strong positive and statistically significant correlations between all dimensions of risk management and SACCO risk response. Specifically, risk identification demonstrates a strong positive correlation with risk response ($r = 0.63$, $p < 0.01$), indicating that SACCOs that systematically identify operational and strategic risks tend to achieve more effective responses to those risks. Similarly, risk assessment and analysis are positively correlated with risk response ($r = 0.59$, $p < 0.01$), showing that the thorough evaluation of risks based on likelihood and impact enhances the organization's

ability to implement timely and appropriate mitigation measures. Risk mitigation strategies have the strongest correlation with risk response ($r = 0.67$, $p < 0.01$), suggesting that structured and well-resourced mitigation efforts are closely linked to improved organizational resilience and operational continuity.

The results imply that SACCOs in Lubaga Division do not operate in isolation; rather, the implementation of corporate risk management practices is intrinsically linked to their capacity to respond effectively to challenges such as loan defaults, liquidity shortages, and operational disruptions. Risk identification provides early warnings of potential threats, enabling SACCOs to anticipate challenges before they escalate. Risk assessment and analysis allow management to prioritize high-impact risks and allocate resources accordingly, while mitigation strategies ensure that preventive measures, training, and contingency plans are operationalized effectively.

From a theoretical perspective, these findings are consistent with the ISO 31000 framework, which emphasizes the interdependence of risk identification, assessment, and mitigation in achieving robust risk responses. Similarly, the COSO Enterprise Risk Management (ERM) model highlights that organizations that integrate risk practices across processes and departments enhance their capacity to manage uncertainty and achieve strategic objectives. The significant positive correlations observed in this study suggest that SACCOs that institutionalize these frameworks experience measurable improvements in operational resilience, loan recovery efficiency, and liquidity management. Practical implications are clear for SACCO management. The correlation findings indicate that any weakness in one dimension of risk management can undermine overall risk response effectiveness. For example, inadequate risk identification may lead to missed early warning signals, while poor risk assessment may result in misallocated resources and ineffective mitigation efforts. Therefore, SACCOs should maintain a balanced focus across all risk management dimensions, ensuring that identification, assessment, and mitigation work synergistically to enhance operational stability.

Furthermore, the findings suggest that SACCOs can improve member trust and financial performance by strengthening their integrated risk management practices. Staff engagement in risk identification and mitigation, combined with regular monitoring and analysis, not only improves institutional preparedness but also contributes to regulatory compliance and sustainable growth. The correlations provide strong empirical support for the adoption of holistic risk governance frameworks within SACCOs, highlighting the importance of embedding risk management into daily operational and strategic decision-making processes.

Table 5: Regression Analysis

Predictor Variable	B	SE B	β	t	p
Risk Identification	0.28	0.08	0.28	3.50	0.001
Risk Assessment and Analysis	0.24	0.09	0.24	2.67	0.008
Risk Mitigation Strategies	0.35	0.07	0.35	5.00	0.000

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Model Summary: $R^2 = 0.54$, $F(3,108) = 42.15$, $p < 0.001$

Source: Primary Data, 2026

Multiple regression analysis was performed to determine the predictive effect of corporate risk management practices on SACCO risk response. The model is statistically significant ($F(3,108) = 42.15$, $p < 0.001$), explaining 54% of the variance in risk response outcomes. This indicates that over half of the variation in SACCOs' ability to manage operational and financial risks can be attributed to structured risk management practices, reflecting the substantial influence of these practices on organizational resilience.

Among the predictor variables, risk mitigation strategies exhibited the strongest positive effect on risk response ($\beta = 0.35$, $p < 0.001$). This finding demonstrates that SACCOs with well-defined mitigation plans, adequate resources, and trained staff are more likely to respond effectively to emerging risks. Risk identification also had a significant positive effect ($\beta = 0.28$, $p = 0.001$), confirming that early and systematic identification of operational and financial risks enables SACCOs to implement timely corrective measures. Risk assessment and analysis contributed positively as well ($\beta = 0.24$, $p = 0.008$), highlighting the importance of evaluating risks according to severity and likelihood, which allows management to prioritize interventions and optimize resource allocation.

The regression results have profound theoretical and practical implications. Theoretically, they support the propositions of the ISO 31000 and COSO ERM frameworks, which emphasize that integrated risk management processes—identification, assessment, and mitigation—collectively enhance organizational capacity to manage uncertainty and achieve strategic objectives. The findings confirm that SACCOs that implement structured risk frameworks are better equipped to handle financial shocks, operational disruptions, and emerging threats, thereby improving sustainability and institutional resilience.

From a practical perspective, the regression analysis underscores the importance of investing in mitigation strategies, as they have the highest predictive value for effective risk response. SACCO management should therefore ensure that contingency plans, staff training programs, and resource allocation mechanisms are prioritized. Furthermore, maintaining systematic risk identification and regular assessment processes enhances the predictive power of the risk management system, ensuring that risks are anticipated, understood, and addressed before they escalate.

The model also indicates that while all three components of risk management significantly influence risk response, risk mitigation has the greatest practical impact. This suggests that SACCOs seeking to improve operational and financial resilience should focus on strengthening mitigation measures, supported by continuous assessment and identification practices. The R^2 value of 0.54 highlights that while corporate risk management is critical, other factors—such as organizational culture, regulatory compliance, and technology adoption—may also influence risk response outcomes, providing opportunities for future research.

Extended interpretation emphasizes that SACCOs which institutionalize these practices not only enhance their internal control mechanisms but also build member confidence and trust, as clients perceive the SACCO as reliable and well-

governed. Overall, the regression results provide strong empirical evidence that effective risk management practices are predictive of SACCO performance, supporting strategic planning and risk-informed decision-making.

Discussion of Findings

The study sought to examine the influence of corporate risk management practices on risk response among SACCOs in Lubaga Division. The analysis focused on three main dimensions of risk management: risk identification, risk assessment and analysis, and risk mitigation strategies, and their relationship to operational and financial risk response outcomes, such as loan recovery, liquidity management, departmental coordination, and overall organizational resilience.

Risk Identification and Risk Response

The findings indicate that systematic risk identification is strongly associated with effective risk response. Correlation analysis revealed a positive and significant relationship ($r = 0.63$, $p < 0.01$), while regression analysis showed that risk identification positively predicts risk response outcomes ($\beta = 0.28$, $p = 0.001$). These results suggest that SACCOs that proactively identify risks, including operational, financial, and external threats, are more likely to respond effectively and minimize adverse impacts.

From a theoretical perspective, these results support the ISO 31000 risk management framework, which emphasizes the importance of identifying risks early as the first step in a continuous risk management process. Identifying risks systematically allows SACCO management to anticipate challenges, prepare preventive measures, and allocate resources efficiently. Practically, SACCOs in Lubaga Division appear to recognize the importance of staff involvement and departmental collaboration in risk identification, which improves accuracy, reduces oversight, and enhances institutional preparedness.

The findings are consistent with prior research indicating that organizations with structured risk identification processes are more agile in responding to financial shocks, operational failures, and member-related risks (COSO, 2017; Musyoka, 2019). For SACCOs, early identification of credit defaults, liquidity shortages, and compliance risks enables timely interventions, safeguarding member funds and maintaining operational continuity.

Risk Assessment and Analysis

Risk assessment and analysis were found to significantly influence risk response, with a positive correlation of $r = 0.59$ ($p < 0.01$) and a regression coefficient $\beta = 0.24$ ($p = 0.008$). This indicates that SACCOs that evaluate risks based on likelihood and potential impact are better able to prioritize interventions and make informed management decisions. Theoretical support comes from the COSO ERM model, which emphasizes that risk assessment transforms identified risks into actionable insights. By quantifying the probability and impact of risks, SACCOs can allocate resources effectively, focus on high-priority risks, and enhance decision-making efficiency. The findings suggest that SACCO staff utilize structured assessment tools and guidelines, enabling consistent evaluation across departments and ensuring that operational, financial, and strategic risks are considered comprehensively.

Practically, risk assessment in Lubaga SACCOs ensures that high-risk loans, liquidity gaps, and operational vulnerabilities are addressed promptly. For instance, risk scoring of loan portfolios allows SACCO management to take preemptive measures such as restructuring payments or adjusting interest terms to prevent defaults. The study confirms that regular and thorough risk assessment is critical in achieving sustainable operational and financial performance.

Risk Mitigation Strategies

The study revealed that risk mitigation strategies have the strongest influence on risk response outcomes, with a correlation of $r = 0.67$ ($p < 0.01$) and a regression coefficient $\beta = 0.35$ ($p < 0.001$). SACCOs that implement structured mitigation measures, including contingency plans, staff training, resource allocation, and periodic strategy reviews, demonstrate the highest levels of operational and financial resilience.

Theoretically, mitigation aligns with ISO 31000's principle of treating risks through preventive and corrective measures. The findings indicate that SACCOs that proactively mitigate identified and assessed risks are more likely to recover quickly from crises, maintain liquidity, and ensure loan repayment efficiency. Practically, these mitigation strategies translate into SACCOs having emergency funds, well-trained staff capable of crisis response, and communication mechanisms that coordinate departmental actions during risk events.

The strong predictive value of mitigation strategies underscores the need for SACCOs to institutionalize risk controls and continually evaluate their effectiveness. By doing so, SACCOs in Lubaga Division can enhance operational continuity, maintain member confidence, and comply with regulatory standards set by authorities such as UMRA.

Integrated Impact on Risk Response

Overall, the study demonstrates that integrated risk management practices—comprising identification, assessment, and mitigation—explain 54% of the variance in SACCO risk response outcomes ($R^2 = 0.54$). This indicates that more than half of SACCOs' effectiveness in managing financial and operational risks can be attributed to structured risk management processes.

The findings reinforce the notion that risk management is not a set of isolated activities but a holistic framework where each component interacts to enhance organizational resilience. SACCOs that neglect any one dimension—be it identification, assessment, or mitigation—may experience weakened response capacity, delayed recovery, and operational inefficiencies.

From a practical standpoint, this integrated approach provides SACCO management with a blueprint for risk governance, highlighting the importance of continuous monitoring, staff engagement, and resource allocation. Moreover, the results suggest that risk management is directly linked to member trust, financial stability, and institutional sustainability, reinforcing the importance of strategic investment in risk frameworks.

Conclusions

Based on the findings and discussion, the study concludes that corporate risk management practices significantly influence SACCO risk response in Lubaga Division. SACCOs that implement structured risk identification, conduct

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thorough assessment and analysis, and apply effective mitigation strategies demonstrate higher levels of operational resilience, timely loan recovery, effective liquidity management, and coordinated departmental response.

Specifically, risk mitigation strategies have the greatest impact on improving risk response outcomes, highlighting the critical role of preventive and corrective measures in safeguarding SACCO operations. Risk identification and assessment remain essential, providing early warnings and guiding strategic interventions. The integrated application of these practices aligns with theoretical models such as ISO 31000 and COSO ERM, confirming that SACCOs benefit from adopting formalized risk governance frameworks.

The study also concludes that demographic factors, such as staff experience, education, and departmental representation, support effective risk management. Younger staff contribute to technological adoption and operational agility, while experienced personnel provide strategic insights and historical perspective, creating a balanced workforce capable of managing diverse risks.

Recommendations

In light of the findings, the study proposes the following recommendations:

First, SACCO management should institutionalize comprehensive risk identification practices across all departments. Regular risk workshops, staff involvement, and the use of digital risk registers can enhance early detection of operational, financial, and strategic risks.

Second, structured risk assessment tools should be implemented consistently. SACCOs should prioritize risks based on probability and impact, integrate assessment results into management decision-making, and review risk scores periodically.

Third, SACCOs should strengthen risk mitigation strategies by allocating adequate resources, conducting regular staff training, developing contingency plans, and reviewing mitigation measures in light of emerging risks. Emphasis should be placed on high-impact risks such as loan defaults, liquidity shortages, and regulatory compliance.

Fourth, SACCOs should integrate all three components of risk management into an enterprise wide framework, ensuring coordination across departments and alignment with strategic objectives. Embedding risk management into daily operations, reporting mechanisms, and board oversight will improve institutional preparedness and resilience.

Fifth, policymakers and regulators such as UMRA should provide guidance, training, and monitoring tools to support SACCOs in implementing effective risk governance. Regulatory oversight can help standardize risk practices and enhance member protection.

Finally, future research should examine additional factors affecting SACCO risk response, including organizational culture, technology adoption, and member participation in risk governance. Longitudinal studies may provide further insights into the sustained impact of corporate risk management practices on SACCO performance.

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