ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE

ASSESSMENT OF RISK MANAGEMENT PRACTICE; THE CASE OF SELECTED NGOS IN ADDIS ABABA.

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ASSESSMENT OF RISK MANAGEMENT PRACTICE; THE CASE OF SELECTED NGOS IN ADDIS ABABA

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DECLARATION

I, Fanos Girma with ID number GSR/3077/15, undersigned declare that the research thesis titled "Assessment of Risk Management Practice: In the Case of Selected NGOs in Addis Ababa" is the product of my own intellectual endeavor. This work has not been previously submitted for any academic award, nor has it been presented elsewhere in any form. Wherever information from external sources has been incorporated, proper acknowledgment has been provided in accordance with academic conventions.

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CERTIFICATION

This is to certify that Fanos Girma Tadese has carried out her research work on the topic entitled "Assessment of Risk Management Practice: The Case of Selected NGOs in Addis Ababa" The study is an original work and is suitable for the submission for reward of MA Degree in Project Management.

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ACRONYMS/ABBREVIATIONS

ACSO	Authority for Civil Society Organizations
INGO	International Non-Governmental Organization
NGO	Non-Governmental Organization
PM	Project Management
PMI	Project Management Institute
RM	Risk Management
RMP	Risk Management Process
SD	Standard Deviation
TaYA	Talent Youth Association
EMV	Expected Monetary Value

ABSTRACT

This research deals with risk management practices among selected NGOs in Addis Ababa. The study aimed to assess project risk management practices with a focus on the risk process: risk planning, identification, analysis, response strategy, and monitoring. NGOs play a crucial role in advancing social welfare and problems. A variety of literature sources were reviewed. The study used a mixed-methods approach, integrating qualitative analysis of interviews and open-ended questions with quantitative data analysis using SPSS. The research utilized a descriptive research design. A purposive sampling technique was employed. The findings of the study revealed that risk management is considered during the early phases of their projects, however risk is not identified at every stage of the project's life cycle. Formal training for larger team needs have not been given priority. Most uncertainties are managed by project managers. Over the past five years, the level of risk faced by organizations has increased. While planning a risk relevant stakeholders are participated but, the roles and responsibilities of stakeholders in risk management are not well defined. The specific types of risk faced by NGOs such as financial risk, external risk, legal risk, volunteer risk, grant risk, and operational risk are commonly encountered risks. Expert judgment is the least method used to identify risks. Risks are analyzed, but often numerical analysis is not employed. Mitigation is the widely used response strategy. The study found that risk monitoring and control is not a continuous process. The general overview of their current risk situation is mostly viewed annually. Finally, the study recommends to enhance risk management, it is recommended that TaYA and Cuso International ensure continuous risk identification and management throughout the project life cycle by engaging all team members in regular training, assessments, and reviews. And suggest for future study.

Key words: NGO, Project Management, Risk, Risk Management, Risk Process.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Risk management nowadays is a fundamental constituent of project management (Olsson, 2007). The paramount importance of risk management within the realm of project management is widely acknowledged. Baloi and Price, (2003) claim that it acts as the foundation for all project management techniques.

Risk management is an integral part of understanding the advantages and disadvantages of risks that contribute to the success and failure of a project objective respectively (Spikin, 2013). Gerard, Claire & Jackie, (2008) expound upon it as the potential for events to cause harm, loss, or hinder the attainment of objectives. They stress the importance of evaluating risk based on the likelihood of threats, vulnerability of assets, and potential impact.

Risk, according to Khan & Burnes, (2007), is the possibility that an unusual event will occur as well as the adverse effects this occurrence will have on the organization. Risks are obstacles that have the potential to prevent any set of plans and result in the project's termination or only partial completion (Franz & Messner, 2019). Many people describe risk as any unpredictable future occurrence that might have either a positive or negative result. To sustain operational performance, risk management comprises recognizing operational risks and creating mitigation strategies. Effective risk management may benefit a company's different stakeholders. Crisis circumstances can be lessened or avoided by adhering to the proper processes and corporate governance regulations (Samir, 2007).

In NGOs, projects have increased in size and complexity. Large capital investments, uneven financial flows, and intricate contractual arrangements are all part of these projects. They deal with changing political and environmental conditions as well as fluctuating financial and economic circumstances. Larger and more complicated tasks are being undertaken. They deal with varying

political and environmental conditions as well as shifting financial and economic conditions (Mishra & Mallik, 2017).

The risk management practice for those sector projects is significant, as shown by research demonstrating that inadequate risk management frequently leads to setbacks and failures in projects. Moreover, viewing risk as a latent issue emphasizes the preventive role of risk management. Nonprofit organizations face particular challenges in this regard, as noted by (Head & Herman, 2002), including the prevalence of risks that are inherently difficult to insure against.

As Schneicker, (2018) noted, before beginning, an NGO must take into account all relevant factors, such as the project's size, expected impact on the community, and cost. This is because high risks can result in financial losses and, in the worst-case scenario, an NGO that fails. The existing safeguards in place are insufficient to hold NGOs accountable for their actions and the use of their funding, and they are very vulnerable to government inquiries and investigations. Some of the primary reasons NGOs are unable to regulate their operations in the most transparent way include a lack of accounting-trained staff, unclear ownership interests, and unclear set objectives.

Active risk management could reduce the likelihood of a loss, minimize the harm it causes you, and, in some cases, transfer the financial liability to the at-fault party. The good thing is that, in most cases, a proactive risk-management plan will be significantly less expensive than paying for a settlement or jury verdict, defending a lawsuit, or rebuilding the brewery from scratch in the event of damage (Fama & Macbeth, 2013). This claim is supported by (Olsson's, 2007) study, which emphasizes its crucial function in modern project management systems. Even though the importance of the task is widely recognized, Anderson, (2009) emphasizes how difficult it is for managers to identify and prioritize project risks. Proactive risk management is encouraged by Ewelina, (2011), who stress the need for proactive actions as opposed to reactive ones.

1.2 Background of the Organization

Cuso International founded in 1961, originated from the visionary aspirations of a group of Canadian university graduates who envisioned a more interconnected global community With this

first project, called Canadian University Service Overseas, these young volunteers took a risky but courageous step forward by volunteering to fill skill gaps in developing nations as teachers, doctors, and farmers.

Cuso International has made a determined effort to promote women's and girls' empowerment in Ethiopia by putting social inclusion and gender equality at the forefront of its programs. Strong cooperation with the Authority for Civil Society Organizations (ACSO) of Ethiopia.

Talent young Association (TaYA) is an indigenous non-governmental organization that was founded in 2003 with the foundational belief that Ethiopia's future lies with its young, who are its future leaders. Young women and men need the information and chances to be healthy and independent if they are to become successful, influential leaders in the future. TaYA gives the young these chances so they may better themselves and work for the gender equality, economic empowerment, and environmental preservation that we as Ethiopians strive for.

Central to TaYA's mission is the provision of opportunities for youth empowerment, ensuring that young individuals have the tools and resources necessary to realize their potential and actively contribute to the advancement of Ethiopia. Through targeted initiatives in sexual reproductive health, youth engagement, girls' and women's empowerment, girls' education, and youth employment, TaYA works to address critical issues facing Ethiopian youth, fostering a conducive environment for their holistic development.

Operating across multiple regions within Ethiopia, TaYA's reach extends to Addis Ababa City Administration, Oromia Regional State, Amhara Regional State, Afar Regional State, Southern Nation Nationalities and Peoples Regional State, Gambella Regional State, Benishangul Gumuz regional State

By operating in these diverse regions, TaYA endeavors to cater to the unique needs and challenges faced by youth across Ethiopia, advocating for their rights, amplifying their voices, and facilitating pathways to meaningful participation in society. TaYA aims to enable young people to become agents of good change, promoting development and prosperity both inside and outside of their communities, via the use of a multidimensional strategy.

1.3 Statement of the Problem

NGOs face complex and diversified projects encompassing education, sanitation, and food distribution across different areas, making these projects inherently risky. Effective risk management is essential to mitigate these risks, protect volunteers and beneficiaries, and ensure the success of humanitarian aid efforts. However, NGOs often lack formal policies or frameworks for systematic risk management. This can result in significant threats to project success, resources, and the safety of individuals involved. The challenge is exacerbated by the political instability and potential exploitation by political rebels and terrorist groups, as observed in regions like South Sudan (Flanigan, 2006).

Previous studies have underscored the importance of risk management in project execution. Marcus, (2014) emphasized that risk is inherent in all endeavors, and effective risk management is critical for anticipating and mitigating unforeseen events that could disrupt projects. The Project Management Institute (2008) and Royer (2000) highlighted unmanaged risks as primary causes of project failure, while Mills (2001) noted the high costs associated with wrong decisions in risky activities. The systematic process of risk management involves planning, identification, analysis, response, and monitoring of project risks.

Banaitis, & Banaitiene, (2012) Even though risk management didn't receive much attention, it is seen as a method to improve the cost, schedule, and technical performance of new product development programs. To lower the possibility of abuse, all NGOs should be adequately controlled at the national level. Regulations manage behavior, resulting in convergent practices and expectations as well as a decrease in future uncertainty (Bloodgood & Tremblay-Boire, 2012). Rowley, (2013) highlighted discrepancies in security policies and risk assessment procedures among NGOs, indicating gaps in the integration of security concerns and risk management.

Hawi Belete (2023) found that risk management practices significantly impact financial sustainability in NGOs, with tools such as risk detection, internal and external audits, and top management support playing crucial roles. Yilma (2018) identified that certain project management knowledge areas, including risk management, were less mature than others, impacting the effectiveness of NGOs' initiatives. However, empirical research on the application

and effectiveness of these practices within NGOs, particularly in Addis Ababa, Ethiopia, remains limited.

Despite these insights, there is a notable gap in understanding how NGOs in Addis Ababa specifically implement and benefit from risk management practices. Most studies focus on general risk management concepts or specific sectors, leaving a void in comprehensive research on NGO practices in this region. Additionally, the distinction between local and international NGO practices remains underexplored. Also, the specific types NGOs face are not recognized internationally, this research will bridge this gap. This research aims to bridge these gaps by assessing the current state of project risk management practices among selected NGOs in Addis Ababa, evaluating their effectiveness, and identifying challenges and best practices.

The research aims to assess and evaluate the current state of project risk management practices among selected NGOs in Addis Ababa, Ethiopia. By examining the utilization, effectiveness, and challenges associated with risk management practices within these organizations, this study seeks to inform best practices, enhance project success rates, contribute to capacity-building efforts, and bolster stakeholder confidence in NGO operations.

1.4 Research Questions

The study was designed to address the following research topics in Cuso International and Taya based on the previously described issues.

1. How are project risk management practices currently utilized?
2. What are the specific practices involved in risk planning?
3. How are risks identified in projects?
4. What methods are used for risk analysis in projects?
5. How do Cuso International and TaYA develop and implement risk response strategies?
6. What practices are employed for risk monitoring and control?

1.5 Objectives of the Study

1.5.1 General Objectives

The general objective of the study is to assess project risk management practices in NGOs in Addis Ababa, Ethiopia specifically Cuso International, TaYA towards different project risks.

1.5.2 Specific Objectives

1. To examine and document the utilization of project risk management.
2. To appraise the risk planning practices employed.
3. To evaluate the effectiveness of risk identification practices.
4. To assess the methods and approaches used by those organizations.
5. To identify the strategies employed for responding to project risks.
6. To assess the systems and procedures for monitoring and controlling project risks.

1.6 Significance of the Study

Evaluating risk management practices in NGOs in Addis Ababa, offers insightful information on practical techniques that these organizations can implement. Understanding the current state of risk management practices can help identify areas for improvement, thereby enhancing the overall effectiveness of the NGOs. The findings from this research can significantly contribute to capacity building within these organizations, allowing them to develop training programs that strengthen their staff's skills and knowledge in risk management. Moreover, effective risk management enables NGOs to allocate resources more efficiently by identifying and mitigating risks early on. This ensures that funds, time, and personnel are directed to areas that require the most attention, optimizing project outcomes. Additionally, donors, partners, and beneficiaries are more likely to trust organizations with effective risk management practices, leading to increased support and collaboration.

1.7 Scope of the Study

This study studies asses risk management practices in selected non-governmental organizations (NGOs) operating within the region of Addis Ababa, Ethiopia. Additionally, the

study doesn’t include the perspectives of field workers involved in project implementation within the selected NGOs.

Moreover, this study's focus is limited to the analysis of risk management procedures in the chosen non-governmental organizations. This research will not go further into stakeholder participation. The main objective of this study is to assess how well the chosen non-governmental organizations use methods for risk management to reduce project risks and improve project results.

1.8 Limitations of the Study

Limited Representation considering only selected NGOs from all non-governmental organization, particularly in the city with numerous NGOs. The size of the study's sample may not be accurately represent the entire population, possibly leading to biases and limiting the generalizability of the results. And some individuals participating in the survey may not genuinely respond to the questionnaires, potentially introducing bias into the data analysis. Unnoticed measurement mistakes, missing data, or untrustworthy sources might jeopardize the study's data quality and accuracy. There is also financial and time constraints.

1.9 Organization of the Study

The paper is structured into five chapters, each serving a specific purpose in the research.
Chapter one serves as the introduction, providing essential background information about the research. Chapter two deals with the literature review, covering theories relevant to the research topic and empirical studies. Chapter three outlines the research design and methodology adopted to accomplish the study objectives. Chapter four presents the analysis of findings and discussions based on the results obtained. Lastly, chapter five concludes the research by summarizing the major findings and offering recommendations for future investigation.

1.10 Definition of Key Terms

NGO: is an organization that is, generally, formed independent from government (Claiborne 2004)

Project Management: Project management can be defined as the planning, organizing, monitoring and controlling of all aspects of the project to achieve the objectives on time and to the specified cost, quality and performance. According to Project Management Institute (PMI. 2008)
Risk: "exposure to the possibility of economic and financial loss or gain" Chapman and Cooper (1983).

Risk Management: is the process of identifying, assessing, and prioritizing risks, followed by the coordinated application of resources to minimize, monitor, and control the probability or impact of adverse events.

Risk Management Process: Risk management includes several process, including risk: planning, identification, analysis, response and monitoring and control (Kerzner, 2009).

CHAPTER TWO

LITERATURE REVIEW

2.1 Project and Project Management

Turner, (1992) defines it as a temporary and non-repetitive effort aimed at achieving unitary and beneficial change through the delivery of quantified and qualitative objectives. Similarly, Vargas, (2008) characterizes NGO projects as temporary endeavors with clear objectives, constrained by time, budget, resources, and performance standards. These projects are often complex and challenging, requiring careful planning and execution to fulfill client demands and achieve meaningful outcomes for the community.

Project management, as defined by Kerzner, (2010), involves the planning, organizing, directing, and controlling of resources to accomplish short-term objectives and specific goals. This approach utilizes systems theory, viewing projects as complex systems with interconnected components and feedback loops (Cicmil et al., 1999).

Moreover, the role of a project manager in NGO projects includes setting goals, monitoring processes, allocating resources, and ensuring that objectives are met (Munns & Bjeirmi, 1996). This holistic approach to project management acknowledges the dynamic nature of NGO work and emphasizes the importance of stakeholder engagement, community empowerment, and sustainability. According to Ibbs and Reginato, (2002), project management is about people and the systems, processes, tools, and methodologies they use. To manage any kind of project there should be some kind of system with a group of people who can run the established system. Some different tools and methodologies help to manage a project.

2.2 Project Risk

Risk is defined differently by various sources. According to APM, (1997), it is an uncertain event or set of circumstances that, if it happens, will affect the project's objectives. On the other hand, PMI, (2000) describes it as an uncertain event or condition that, if it occurs, can have either a positive or negative impact on a project objective.

Cooper, (2005) suggests that risk arises due to uncertainty about the future, which could lead to economic, financial, social, or physical losses or gains, as well as delays. Similarly, PMI, (2013) characterizes risk as an unforeseeable event or condition that, if it materializes, can impact one or more project goals such as scope, schedule, cost, or quality.

2.3 Project Risk Management

Project risk management encompasses processes aimed at identifying, analyzing, and controlling risks throughout various project phases. By doing so, it empowers project teams to proactively respond to risky events and minimize their impact (PMI, 2017). Research indicates that addressing risk factors early in a project's lifecycle is crucial for effective risk management (Hussein & Karimin, 2006). PRM involves measuring and integrating the likelihood of risk occurrences, focusing on identifying risks that may affect project features, and prioritizing them for further analysis or action.

According to Kluber M. (2017), project risk management is both an art and a science, involving the systematic identification, analysis, and response to risks to ensure project objectives are met. Elkington and Smallman, (2001) emphasize the essential nature of project risk management for project success.

Overall, risk management entails integrating fundamental risk principles, fostering risk awareness, and ensuring organizational alignment. By adopting a proactive approach to risk management, project teams can enhance transparency, address potential issues preemptively, and prepare for unforeseen challenges, ultimately enabling better control over project outcomes.

2.4 Risk management Process

Risk management is the act or practice of dealing with risk. It includes planning for risk, identifying risks, analyzing risks, developing risk response strategies, and monitoring and controlling risks to determine how they have changed. And, Proper risk management is proactive rather than reactive, positive rather than negative, and seeks to increase the probability of project success (Kerzner, 2009). Fundamentals of risk management, including risk identification, assessment, mitigation or response, and monitoring. Best practices and standards in risk management for NGOs, such as those outlined by ISO COSO. Risk management process involves the systematic application of management policies, processes and procedures to the tasks of

establishing the context, identifying, analyzing, assessing, treating, monitoring and communicating risks (Cooper et al, 2005).

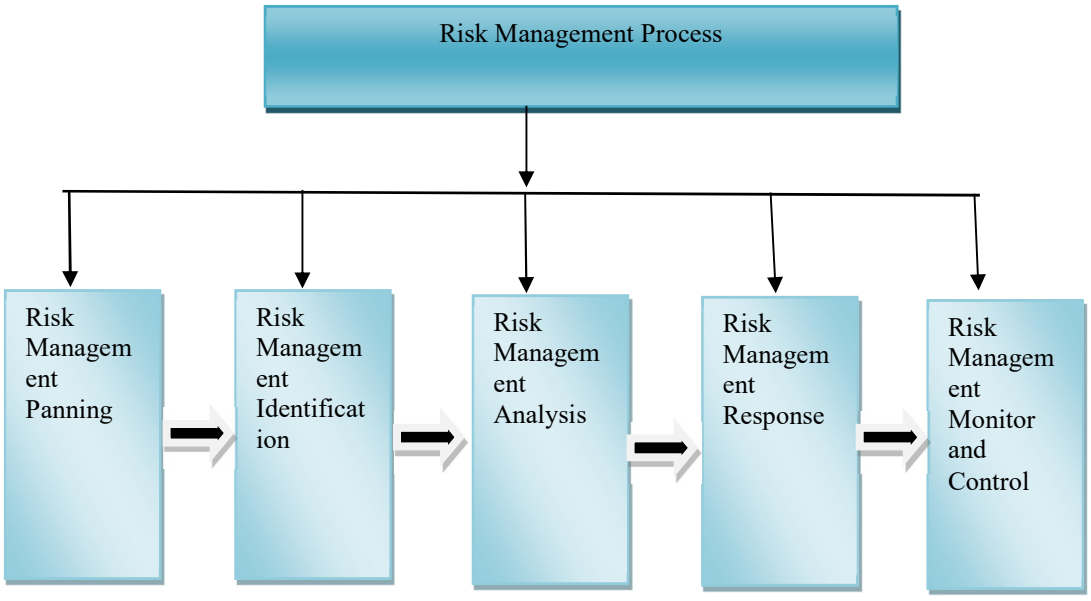

Figure 2.4: Overview of the risk Management process

(Source, Richardson, 2015)

2.4.1 Risk Management Planning

Risk management planning involves determining how to approach and organize risk management activities within a project. Frame, (2009) stresses that a risk management plan should outline the team's approach to addressing risks, particularly in complex and uncertain projects. Wysocki, (2014) emphasizes the importance of maintaining a dynamic risk management plan in such circumstances. Allocating sufficient resources and time for risk management activities and establishing a clear basis for evaluating risks are vital aspects of planning, as highlighted by (Gary & Brad , 2019). Kerzner, (2009) defines risk management planning as crafting a comprehensive strategy and allocating adequate resources for this purpose.

According to PMI, (2017), planning risk management involves defining how risk management activities will be conducted, ensuring that the approach aligns with the project's risks and importance to the organization and stakeholders. This process, performed once or at predefined

points, enhances the likelihood of success for other risk management processes (PMI, 2013) and guides the project team's responses during events (Richardson, 2014). Risk management planning for a specific project is closely linked to how the organization addresses risk and uncertainty in its broader business development, strategic planning, and IT investments. This integration simplifies project risk management by providing a foundation for understanding risks. Additionally, this stage, also termed "Establishing the Context," focuses on creating a framework for subsequent risk identification and assessment tasks (Coope et al., 2005).

In the context of NGOs, risk management planning is crucial for ensuring the success and sustainability of their projects and operations. NGOs often operate in challenging environments where risks are prevalent, including political instability, regulatory constraints, and financial uncertainties. By developing comprehensive risk management plans, NGOs can effectively anticipate, assess, and mitigate risks, thereby safeguarding their mission, reputation, and resources.

2.4.2 Risk Management Identification

Risk identification is the pivotal process of recognizing, documenting, and comprehending potential risks that could impact a project, organization, or any other endeavor. It involves systematically pinpointing risks that may arise during a project's course or in an organization's operations. Furthermore, risk identification often entails logging each identified risk in a formal risk register or database. This ensures that all risks are systematically documented, along with pertinent details like descriptions, potential consequences, probability of occurrence, and proposed response strategies. By maintaining a centralized risk register, project teams can monitor each risk's status, track changes over time, and ensure appropriate actions are taken to manage or mitigate them effectively.

Risk identification begins with asking fundamental questions about threats to organizational resources, adverse effects on goal achievement, and potential opportunities. Participants in this process include project managers, team members, customers, external experts, stakeholders, and others involved in the project. All project personnel should actively contribute to identifying potential risks (Tchankova, 2002).

During risk identification, stakeholders go beyond merely spotting potential risks; they also endeavor to grasp their underlying sources, factors, and causes. This entails delving deep into the root causes of each identified risk to gain a comprehensive understanding of why and how it might manifest. By scrutinizing the sources and factors contributing to each risk, project teams can better evaluate their likelihood and potential impact. The aim of identification is to find substantive risk with the help of selected methods and record it in the register of risks (PMI, PMBOK guide, 2008).

PMI, (2013) defines risk identification as the process of determining which risks may affect the project and documenting their characteristics. This process yields documentation of existing risks and equips the project team with the knowledge and ability to anticipate events. It involves identifying all currently known risks, including individual risks and sources of overall project risk (Hillson, 2009). Common risk identification methods include information gathering methods like workshops, brainstorming, interviews, and root cause analysis, as well as documentation methods using databases, historical data, templates, and checklists. Risk identification represents the most crucial and time-consuming phase, aiming to uncover substantive risks through selected methods and record them in the risk register. It should begin with fundamental questions about organizational resource threats, adverse effects hindering goal achievement, and favorable possibilities. Participants in risk identification activities include project managers, team members, risk management teams, customers, subject matter experts, end users, stakeholders, and risk management experts. While these personnel are key participants, all project personnel should be encouraged to identify potential risks.

Risks that go unrecognized cannot be assessed or addressed. However, achieving complete risk coverage is impossible, so risk management aims to cover essential risks as comprehensively as possible. Risk identification must be forward-looking and aligned with project progress since not all risks are recognizable before project initiation, and new risks may emerge during implementation. Various methods for identifying risks include creative and guided approaches, with creative methods allowing for the discovery of new risk types, and guided methods employing checklists to identify conceivable risks (Schieg, M., 2006).

Risk register is an output of risk identification. it is a comprehensive list of all threats and opportunities the project faces. It also contains supplementary data about each risk, including its

impacts, probability, risk response, budget, risk owner, and contingency and fallback plans. (PMI, 2013)

2.4.2.1 Source of Risk

The term "source of risk" typically refers to the specific origin or trigger of a potential risk within a system, process, or organization. The source of risk is often described as the event, circumstance, action, or condition that could lead to negative outcomes or uncertainties. According to Hillson and Murray-Webster (2017), risk sources can be categorized into six broad categories, including technical, organizational, external, strategic, financial, and project management risks. Identifying and understanding the sources of risk is crucial for effective risk management, as it allows organizations to assess potential threats and vulnerabilities, develop appropriate mitigation strategies, and implement controls to minimize the likelihood or impact of adverse events. In the context of NGOs, a source of risk refers to any event, circumstance, action, or condition that has the potential to negatively impact the organization's ability to fulfill its mission, deliver services, or achieve its goals.

2.4.2.2 Factors of Risk

A risk factor is any element, condition, or circumstance that increases the likelihood or severity of an adverse event or outcome. In the context of risk management, identifying and understanding risk factors is crucial for assessing potential threats and vulnerabilities, as well as developing strategies to mitigate or manage risks effectively. Risk factors can vary widely depending on the context and nature of the activity or project, and they may include internal or external factors, such as financial constraints, regulatory changes, technological disruptions, or environmental hazards. By identifying and addressing risk factors, organizations can enhance their resilience and ability to achieve their objectives while minimizing potential negative impacts. Keil et al., (1998) identified common risk factors that consistently affect projects, and these findings are particularly relevant to non-governmental organizations as well.

Lack of commitment from top management: In NGOs, securing support and buy-in from senior leadership is crucial for project success. Without strong commitment from top management, projects may face resource constraints or a lack of strategic direction.

Difficulty in securing commitment from users: NGOs often work closely with beneficiaries and stakeholders. Ensuring their active involvement and commitment to project goals is essential for effective implementation and sustainability.

Misunderstanding project requirements: Given the diverse stakeholders and complex contexts in which NGOs operate, clarity and alignment on project requirements are paramount. Misunderstandings can lead to misallocation of resources and project delays.

Inadequate involvement of users: NGOs aim to empower communities and address their needs. Projects that fail to involve users in decision-making and implementation risk being irrelevant or unsustainable.

Failure to manage end user expectations and support: NGOs rely on the trust and support of the communities they serve. Managing expectations and maintaining transparent communication are vital for building and sustaining positive relationships.

Moreover, effective risk management in NGOs requires a thorough evaluation of inherent project risks. Projects often involve unique challenges and uncertainties, particularly in dynamic and diverse socio-economic contexts. Assumptions and constraints, such as limited funding or regulatory barriers, can pose additional risks. Therefore, NGOs must proactively identify, assess, and mitigate risks to ensure the successful delivery of projects and maximize their impact on the communities they serve.

Some factors of risk, as described by Chapman, (1987) and Smith, (1999), include: large capital outlays are involved, organizational culture and leadership's role in shaping risk management practices, resource constraints and their impact on risk management capabilities, unbalanced cash flows are likely to occur, novel or unusual procurement arrangements are contemplated, novel operational requirements are intended by the client, the project is extremely large, the project is highly complex, severe time constraints exist; excessive schedule pressure means, some or all of the stakeholders are inexperienced, the client's business is highly sensitive to the performance and/or quality of the project stringent, inconsistent, or changing regulatory requirements are encountered, environmental or ecological sensitivity is encountered in the procurement, operational, or disposal environments of the project, political and/or cultural sensitivities are

significant situational turbulence is encountered (e.g., projects in developing or politically unstable countries)

2.4.2.4 Types of Risk in NGO

Lesser-discussed risk categories faced by nonprofit organizations include asset risk, legal risk encompassing various facets such as loss, litigation, compliance, and reputation risks. Grant risk is another area of concern, as is the risk of mission drift in affluent scenarios. Additionally, risks associated with staff fatalities, particularly in conflict zones where NGOs operate, pose significant challenges. Matan and Hartnett, (2011) identify the six most common areas that have a high potential for risk: special events and other fundraising risks; volunteer risk; financial risk; staffing risk; restricted grant risk; and reputation risk. The international research literature lacks a comprehensive overview of the risks encountered by nongovernmental organizations (NGOs). While some authors have highlighted risks related to partnership, cooperation, and reputation, along with financial risks, several other risk categories remain underexplored.

Specific Types of Risks

Management risk: This category encompasses risks related to the overall management of an organization, including strategic decision-making, and leadership. McConnell, (1996) outlined a hierarchy of risk categories that project managers should be aware of when performing their project planning. By doing so, they may be able to avoid the risks that have been outlined so far.

Operational risk: Operational risks involve internal processes, systems, and technology within an organization. These risks can include errors, system failures, or disruptions in the supply chain that may hinder the organization's ability to deliver products or services to its customers (PWC, 2021).

Financial risk: Greenlee and Tuckman, (2007) emphasized the pivotal role of risk in safeguarding the financial stability of organizations. Yetman highlighted the association between risk and organizational indebtedness, noting that donors may hesitate to support nonprofits without assurance that grants won't be used to settle past liabilities (Yetman, 2007). Special funds and investment projects were identified as key components in managing financial risks for NGOs

(Bowman et al., 2007). Yan et al., (2009) asserted that financial risk is notably challenging to control, but understanding the factors influencing it can facilitate management. The financial viability of a non-governmental organization can be significantly impacted by lax internal controls over money management and fundraising efforts. Due to the fact that workers and volunteers entrusted with recordkeeping and asset custody interact with opportunities and incentives, even companies with sufficient internal controls are vulnerable to fraud. Internal controls are safeguards against wasting money or stealing it, if not completely eliminating it. For NGOs with limited funding, appropriate task segmentation, efficient supervision and monitoring, and appropriate documentation and upkeep are crucial. These rudimentary internal controls might aid an NGO in accomplishing its objectives or monitoring its progress. Risks to finances The NGO should, at the very least, report on how it acquired and used its resources during the period, what resources remained after the period ended, and whether or not it will be able to continue providing services in the future (Razek and Hosch, 1990). Indicators of fraud, such as behavioral and physical ones, must also be known to management (Zack, 2003, p. 280). Physical indications are clues that point to potential fraud that come to light during an audit of records, assets, and other tangible proof. Behavioral signs include things like a volunteer's or employee's unwillingness to take time off from work or their habit of consistently remaining late at the office.

External risk: This category encompasses risks arising from external factors such as physical damages, natural disasters, and human-made disasters. It includes events like earthquakes, floods, wildfires, and human acts that may cause harm to an organization's operations (Rashid, 1991; Prasad & Francescutti, 2017; US Legal, 2019).

Legal risk: refers to the potential negative impacts on projects or organizations due to changes in laws, regulations, or political disputes. These changes can lead to legal challenges, compliance issues, or other legal liabilities that may affect the organization's operations, reputation, or financial stability. Failure to address legal risks adequately can result in costly legal proceedings, reputational damage, or even regulatory sanctions (Ling and Hoi, 2006).

Reputation risk involves events that could harm the image of a nonprofit organization, potentially leading to negative publicity. This risk can stem from actions or inactions, such as insufficient communication efforts, that may erode public trust and support (Iwankiewicz-Rak, 2006). Clary

outlined several measures nonprofits can take to mitigate reputation risk, including adhering to donor guidelines when using grants, establishing internal procedures and legal compliance standards, maintaining robust accounting practices, and implementing spending approval protocols (Clary, 1997). External auditors also play a crucial role in helping organizations safeguard against fraudulent activities that could damage their reputation (Jackson, 2008). A worthy charity's reputation might be jeopardized by events that are partially its responsibility. The most valuable "asset" to NGOs and their supporters is their reputation. Trust and confidence might be their lifelines when it comes to obtaining volunteers, money, and assistance. Their primary goal ought to be reputation prevention and protection. An NGO needs to ensure that it is not associated with any terrorist or money laundering operations. Reputation can be permanently damaged and can never be restored. It is crucial that volunteers and staff understand the repercussions of their actions since they represent the organization's brand and image. NGOs need to ask for and receive input from their people on a regular basis. Any issue warrants further investigation. Any fraud case needs to be investigated as soon as possible, and remedial measures need to be taken to keep it from happening again. Legal counsel must be engaged, the papers or evidence that will aid the investigation must be kept, and the Risk Management Framework 105 inquiry must be appropriately planned and carried out. It is necessary to take swift and severe measures, such as firing the employee who is accused of misconduct. An NGO must have appropriate audit and monitoring mechanisms in place for its operations.

Collaboration risk: Collaboration risk is a crucial field of research that deals with the possible hazards connected to alliances and partnerships. (Martinez, 2003) examined various forms of collaboration among NGOs and highlighted risks occurring before, during, and after forming alliances. He emphasized that partnerships with the commercial sector could pose risks to nonprofits, such as diverting focus from their core mission. An important risk arises when a partner engages in unethical behavior and faces public stigma (Wymer Jr., Samu, 2003). Collaborating with governmental organizations may compel nonprofits to make excessive concessions, leading to a loss of independence (Sollis, 1995). Additionally, there's a risk of overreliance on a single powerful partner, potentially resulting in future demands for greater privileges (Waśkowski, 2007).

Grant risk: Grant risk encompasses the uncertainties associated with managing grant funding for nonprofit organizations. This includes risks related to compliance with grant terms, funding

availability, project performance, relationships with grantors, and financial management. Effective grant risk management involves proactive planning, clear communication, and transparent reporting to mitigate potential risks and ensure successful grant implementation. The risk that an NGO won't be able to meet the requirements and expectations of the grant funder is known as restricted grant risk. When requesting funding, NGOs frequently "overpromise" (Matan and Hartnett, 2011). Before submitting an application to any funder, it is crucial to fully grasp what is required of you. It is also necessary to evaluate potential donors to make sure their experience aligns with the goals and objectives of the non-profit. Once a grant has been awarded, it is imperative to employ an appropriate accounting system to closely monitor all expenses and make sure that spending stays within the grant amount. Accountability through the implementation of a sound accounting system could improve the NGO's credibility and trust, which may enable future financing from the same or different sponsors. The public, sponsors, and government can all be less concerned about transparency if high-quality information is available about the origins and purposes of donations, the price of services provided, and the social benefits of the activity undertaken (Torres and Pina, 2003).

Volunteer's risk: refers to the potential challenges and uncertainties associated with managing volunteers within nonprofit organizations. This includes risks related to volunteer recruitment, training, supervision, performance, and legal liability. Effective volunteer risk management involves implementing policies and procedures to ensure the safety of volunteers, protect the organization from liability, and maximize the impact of volunteer contributions. Volunteer risk NGOs that have inadequate staffing levels are especially vulnerable to this kind of risk. They frequently take volunteers without carefully reviewing their references; this is known as the "warm body" idea, which entails assigning projects and programs to anyone who is willing to help. Matan and Hartnett, (2011). If volunteers are using their position to send cash to smaller charities associated with terrorist organizations or sham accounts put up under their names, an NGO may not discover this until it is too late due to inadequate oversight and control. It's important to take preventative steps like ongoing monitoring and vetting seriously. It is important that everyone, including the board of directors, get training. The volunteers should be sent for training in donor/fundraising management, fundraising ethics, basic recordkeeping, and financial management, while the board may benefit from training in governance, strategic planning, money

laundering, counterterrorism awareness, human resources, and volunteer management. Depending on their position within the organization, volunteer training programs must be optional.

2.4.2.4 Risk Management Tool

Thaheem and Marco, (2013) noted that Project Risk Management (PRM) has been extensively studied, with various tools and techniques reported for managing risk in different industries. The initial step in risk management, Risk Identification, is crucial as it sets the foundation for the entire process (Chapman, 1998).

Failure to identify risks properly can lead to inefficiencies in the process, impacting an organization's resources significantly. This process helps NGOs in risk management by identifying relevant input data, understanding the process benefits, recognizing risks and their potential impacts, and providing valuable information for decision-makers. The risk identification process or risk information gathering process can be achieved with the aid of different tools and techniques. The most common tools and techniques are documentation reviews, expert judgment, diagramming techniques, assumption analysis, information gathering, checklists, and SWOT techniques (Chapman, 1998).

Project Risk Identification: Tools and Techniques PMI, (2013)

- **Documentation Review** is a review of project documentation can expose constraints, assumptions, or incomplete documentation that can be sources of risks. The key document in risk identification is the WBS. Other documents would include past project reviews and similar product performance information.
- **Information Gathering Technique** these could include web-based information, electronic files with product information, and Internet research.
- **Brainstorming** is simply having meetings with key people who know something about the project and generating ideas and options without judging them. Brainstorming generates ideas and docs not filter them. Creative technique to gather risks spontaneously by group members. Group members verbally identify risks in a ‘no wrong answer’ environment. This technique provides the opportunity for group members to build on each other’s ideas.

- **Delphi** is brainstorming with key experts who go through a systematic process of providing their views, reviewing each other's ideas, and coming up with a scenario based on the integration of their views.
- **Interviewing** finding "subtle" information that hasn't been documented can be aided by conducting interviews with important stakeholders, former project managers, and task managers. Discussions with stakeholders to explore the detailed and sensitive information about the risk.
- **Stakeholder analysis** is the process of determining who has a stake in the goals and figuring out how to interact with people to have a deeper understanding of the goal and the uncertainties around it. Discussions with stakeholders to identify/explore risk areas and detailed or sensitive information about the risk.
- **Checklist Analysis**: Risk Checklists from previous projects can be used to assist in risk identification, or a risk checklist can be established. Checklists used should be reviewed and improved upon so that they're useful for later projects. Checklists are typically prepared by a documentation specialist for various project and product documents.
- **Assumptions analysis**: Assumptions analysis reviews the validity and soundness of assumptions since assumptions are always a source of risk. The key source of assumptions is rarely captured in one document, but the concept of focusing on assumptions is important.
- **Diagramming techniques**: Diagrams can help identify risks by exposing relationships or by delving into the root cause of risks. Risk diagramming techniques include cause –and effect diagrams, flow charts, and influence diagrams, decision trees, which are useful in identifying the various options and decisions, including expected value.
- **SWOT Analysis**: SWOT Analysis involves the review and analysis of group discussion of strengths, weaknesses, opportunities, and threats for project objectives. Taking an in-depth look at the business planning procedures used for strategic analysis, with a focus on identifying risks threats, and opportunities.
- **PESTLE** is Commonly used as a planning tool to identify and categorize threats in the external environment (political, economic, social, technological, legal, and environmental)
- **Expert Judgement**: getting expert judgment is based upon the experiences and knowledge of subject matter experts.

2.4.3 Risk Management Analysis

The purpose of risk analysis is to prioritize risks that have been discovered and to provide insight into the relative seriousness of those risks as they relate to a project. This entails determining how each risk event will affect scope, cost, time, and/or quality in the event that it materializes. Moreover, the likelihood of these results occurring is evaluated. Based on the evaluations for each risk's consequence and likelihood, these assessments are then utilized to give each one an initial priority. A prioritized list of risks and a thorough grasp of how each one can affect the project's success in the event that it materializes are the results of this procedure.

In order to evaluate inherent or exposed risk without controls, risk analysis takes into account the source, consequence, and likelihood of hazards. It entails defining controls, gauging how successful they are, and figuring out how much risk there is after measures are in place (the protected, residual, or managed risk). Depending on the risk, the goal of the study, and the information and data that are accessible, several analysis techniques—including qualitative, semi-quantitative, and quantitative methods—are used (Heinz, 2010). The process of risk analysis involves classifying hazards based on their main characteristics, calculating the project's overall risk exposure, and utilizing qualitative risk analysis to identify exposure patterns. Additionally, quantitative risk analysis is utilized to determine the total impact of risks on the project's success. (Hillson, 2009).

Qualitative Risk Analysis

Qualitative analysis, based on nominal or descriptive scales, describes the likelihoods and consequences of risks subjectively, relying largely on human judgment. This method is generally quick to apply and easy to comprehend. Qualitative Risk Analysis prioritizes risks for further action by assessing their probability of occurrence and impact, aiming to reduce uncertainty and focus on high-priority risks. Some tools for qualitative analysis include risk probability and impact assessment, probability and impact matrix, risk data quality assessment, risk categorization, risk urgency assessment, and expert judgment (PMI, 2013; Frame, 2009).

In Qualitative Risk Analysis, the project team evaluates each identified risk's probability of occurrence and its impact on project objectives. This assessment may involve subject matter experts or functional units. It serves as an initial screening or review of project risks, particularly for simpler projects where robust quantitative analysis is unnecessary. Consequences are rated in terms of potential impacts on scope, cost, quality, and/or time, while likelihoods are rated using a descriptive scale. A risk assessment matrix combines these ratings to generate initial priorities for the risks.

Probability/impact matrix/ Risk Assessment Matrix

	Consequence				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Medium	Medium	High	Extreme	Extreme R31
Likely	Medium	Medium	High	High	Extreme
Possible	Low	Medium	High	High	High
Unlikely	Low	Medium	Medium	Medium	High
Rare	Low R25	Low	Low	Medium	Medium

Figure 1.4.3: Risk Assessment Matrix

Source: (Boers, 2017)

Semi-quantitative Risk Analysis

Semi-quantitative analysis extends the qualitative analysis process by allocating numerical values to the Semi-quantitative analysis bridges the gap between qualitative and quantitative methods by assigning numerical values to descriptive scales, which are then used to derive quantitative risk factors. While it offers a transition between the two approaches, its outputs remain subjective due to the qualitative nature of the initial assessment. Compared to quantitative analysis, semi-quantitative analysis is characterized by its speed, simplicity, and lower data input requirements,

but it may have lower precision, accuracy, and reliability. Outputs are presented as index values within predefined intervals in matrices and risk maps.

The process of semi-quantitative analysis involves describing each category level of probability, impact, and seriousness using mostly numerical expressions within predetermined intervals. Categories are labeled verbally and with letters, ensuring non-overlapping intervals and exhaustiveness.

The role of semi-quantitative analysis is to provide management with an objective estimate of assessed risk through matrices and risk maps. This helps avoid misunderstandings in risk assessment and management, as the risk level, such as "low," is clearly defined within specific intervals. Semi-quantitative methods classify risk into categories like "low," "medium," "high," or "very high," using varying levels ranging from 3 to 10 or more. The approach uses different scales to characterize the likelihood of adverse events and their consequences without requiring precise mathematical data. The goal is to establish a risk hierarchy for review, reflecting the order of importance, rather than a true quantitative relationship between risks (Radu, 2009).

Likelihood Scale	**Consequence Scale**	**Numerical Scale**
Almost certain	Catastrophic	5 or 0.9
Likely	Major	4 or 0.7
Possible	Moderate	3 or 0.5
Unlikely	Minor	2 or 0.3
Rare	Insignificant	1 or 0.1

Table 2.4.3: Semi-quantitative analysis

Source: (own survey, 2024)

Quantitative Risk Analysis

Quantitative analysis utilizes numerical ratio scales for assessing likelihoods and consequences, rather than descriptive scales. The objective of quantitative risk analysis is to numerically evaluate the probability of each risk occurring and its impact on project objectives. Effective risk

management necessitates a scientifically sound risk analysis process supported by quantitative techniques (Hubbard, 2008).

One such technique is Expected Monetary Value (EMV), which considers the probability of an event occurring and the resulting loss or gain. EMV is calculated by multiplying each possible outcome by its probability and then summing the results. Another method is Decision Tree Analysis, a diagramming and calculation technique used to evaluate the implications of multiple options in the face of uncertainty.

Various quantitative risk assessment methods exist, including the variance method, value at risk method (which includes variants such as the normal Delta method, historical simulation method, and Monte Carlo method), Delphi method, Bayesian method, and belief functions method. In the context of auditing, the last two methods are of particular interest.

Quantitative risk assessment can be deterministic, where single values like means or percentiles describe model variables, or probabilistic, where probability distributions describe model variables (Radu, 2009).

2.4.4 Risk Management Response

Joblings et al., (2007) highlight various strategies for risk reduction. One such strategy is risk monitoring, which is employed for risks with low probability and moderate impact. In this approach, risk factors are continuously monitored, and if any of them increase in significance, it is imperative to develop a response plan to address potential risks. Additionally, the ALARP (as low as reasonably practicable) principle, as advocated by the Engineering Council, (1994), can assist in classifying supply chain risks as unacceptable, tolerable, or acceptable.

Risk avoiding - This approach is utilized for significant risks and involves eliminating the root causes of the risks to prevent their occurrence. Strategies include finding alternative solutions, redefining goals, changing technology, seeking new suppliers, or providing a detailed definition of the project scope to avoid later adjustments and associated cost increases. Following these guidelines, the boundary between acceptable and unacceptable supply chain (SC) risks can be delineated, as depicted in Figure (Tummala and Mak, 2001; Ng et al., 2003). Initially, as risk-

exposure values increase, they remain below a certain threshold; at this stage, risks are considered small enough that investing time and resources in their control is not advisable.

Risk mitigation - This strategy can target either reducing the impact of the risk on the project or minimizing the likelihood of its occurrence, although complete elimination of the risk may not be feasible. To limit the risk by implementing controls that minimize the adverse impact of a threat's exercising a vulnerability. For instance, actions such as enhancing product quality, involving experienced workers in the process, conducting regular checks, or implementing backup measures can be employed. Risks falling between these two thresholds of impact and likelihood may be deemed tolerable, requiring no immediate action. Nonetheless, continuous monitoring is necessary, and further enhancements should be pursued if resources permit (Tummala & Schoenherr, 2011).

Risk Acceptance - The adoption strategy is for risks that aren't too serious or that we can't control, or it's just too expensive to deal with them. When we accept risks, we can do it actively or passively. Active acceptance means we make plans in case the risk happens, but we only use them if it actually does. Passive acceptance means we just accept the consequences without doing anything proactive. In some cases, we can set aside reserves to deal with these risks.

Risk transfer- Risk transfer involves passing on the responsibility for dealing with potential threats to someone else. To transfer the risk by using other options to compensate for the loss. This approach is mainly used for financial risks that could have a big impact but are unlikely to happen. When we transfer risk, we're not getting rid of it entirely; instead, we're moving the responsibility to another party. However, there are usually additional costs involved because the third party won't take on the risk for free. One common way to transfer risk is through insurance, where the insurer covers the risks and their consequences. Another method is through leasing, where the leasing company takes on the risks associated with owning property. It's also possible to transfer risk to a supplier by agreeing on fixed prices.

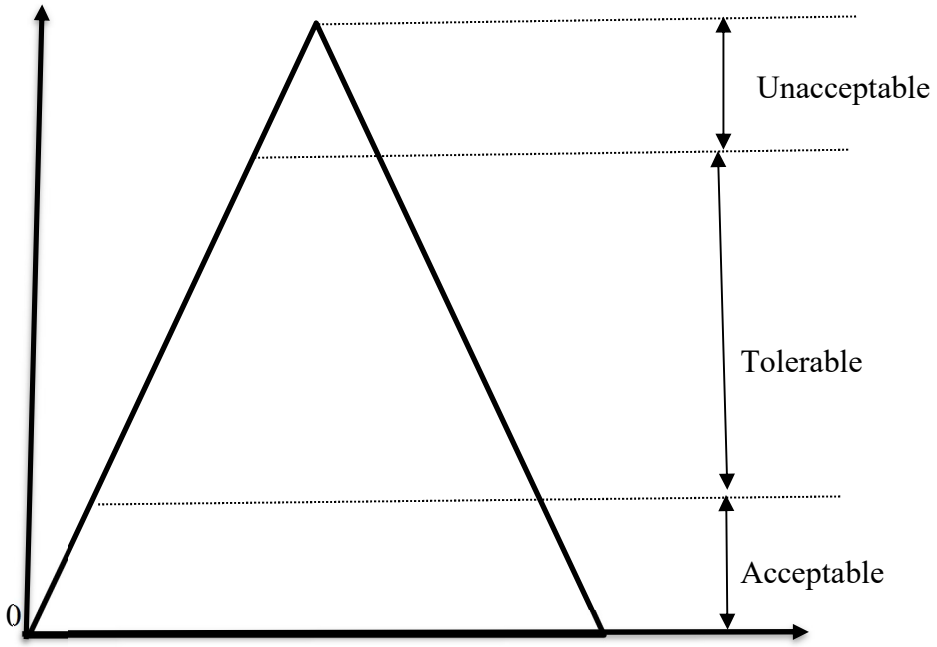

Figure 2.4.4: Risk response

Source: (Tummala & Schoenherr, 2011).

The triangular configuration depicted in Figure suggests that the majority of risks will fall within the realms of acceptability or tolerance. However, there will be a minority of risks classified as completely unacceptable, warranting the imperative development of mitigation strategies (Tummala & Schoenherr, 2011).

2.4.5 Risk Management Monitor and Control

Continuous monitoring of project work is essential to keep the project team and key stakeholders informed about the current level of risk exposure. This is achieved through the application of the monitor risks process, as outlined by the Project Management Institute (PMI, 2017). By continuously monitoring for new, changing, and outdated individual project risks, as well as changes in the overall project risk level, decisions can be made based on up-to-date information. This process, performed throughout the project lifecycle, provides the key benefit of ensuring that project decisions are informed by the most current understanding of both overall project risk exposure and individual project risks.

Additionally, in the context of risk control and monitoring, it is important to assess the progress of implemented risk response action plans. By examining the effectiveness of these plans and taking corrective actions when deviations occur in achieving the desired supply chain performance, organizations can effectively manage risks. This proactive approach, as emphasized by Tummala & Schoenherr, (2011), involves implementing processes, policies, and procedures to identify, assess, monitor, and mitigate risks effectively. These risk management controls, which include establishing risk management frameworks, conducting risk assessments, implementing internal controls, monitoring key risk indicators, and developing contingency plans, aim to minimize the likelihood of adverse events and reduce their impact on operations, assets, and reputation.

2.5 Integrating Risk with Other Management Functions

Integrating risk involves embedding risk management practices throughout an organization's operations and decision-making processes. It means recognizing and addressing risks proactively to achieve business objectives while minimizing negative impacts. This approach aligns risk management closely with organizational goals and values, engages stakeholders, and establishes clear accountability for risk management activities. By systematically identifying, assessing, and mitigating risks, organizations can enhance resilience and optimize opportunities while safeguarding value.

The contemporary operational landscape necessitates a shift towards a more integrated approach to risk management (Bolvin et al., 2007; Treasury Board of Canada, 2001). It is no longer sufficient to manage risk at the level of individual activities or within functional silos. Organizations worldwide are realizing the benefits of adopting a comprehensive approach to address all their risks.

Integrated risk management is characterized as a continual, proactive, and systematic process aimed at understanding, managing, and communicating risk from an organization-wide perspective. It involves strategic decision-making aligned with the achievement of corporate objectives. This approach entails ongoing assessment of potential risks at every level of the organization, with results aggregated at the corporate level to facilitate prioritization and enhance

decision-making. Integrated risk management should be ingrained in the organization's corporate strategy and foster a risk-aware culture.

The identification, assessment, and management of risk across the organization highlight the significance of viewing the organization as a whole, understanding the cumulative risks, and recognizing the interconnectedness of various components. Integrated risk management extends beyond risk minimization or mitigation to support activities that encourage innovation, aiming to achieve optimal returns with acceptable results, costs, and risks.

In terms of decision-making, integrated risk management often involves establishing hierarchical limit systems and risk management committees to determine the setting and allocation of limits. While integrated risk management seeks to strike an optimal balance at the corporate level, companies may differ in the extent to which important risk management decisions are centralized (Basel Committee on Banking Supervision, 2003).

2.6 Stakeholder management

Project is surrounded by people who wish to influence or will be influenced by the project. Engaging stakeholders at various phases might include exchanging information, conferring, giving advice, giving influence, or discussing options. Understanding the stakeholders, their problems, and their motivations is crucial for managers as the survival of the company is the primary focus of stakeholder participation. Freeman, (1984) states that the organization's long-term performance is ensured by promoting an integrated approach to decision-making and management. There are interests of stakeholders that cannot be considered. Johnson and Scholes, (2008) state that the ability of a stakeholder to obstruct or promote the process is contingent upon their level of power and interest.

The project environment, defined as elements outside the organization's boundary affecting project execution, involves various stakeholders with distinct interests and priorities (Daft, 2001). Stakeholder definitions, such as those by (Juliano, 1995) and PMBOK Guide (1996), emphasize stakeholders' active involvement and potential impact on project outcomes. Differentiation

between internal and external stakeholders, as well as primary and secondary stakeholders, aids in managing their diverse interests and conflicts (Cleland, 1998).

Stakeholder management in NGOs encompasses the identification, understanding, and engagement of individuals, groups, or organizations impacted by the NGO's activities, aiming to communicate effectively, address concerns, and incorporate perspectives into decision-making processes. Key aspects include identification of stakeholders like beneficiaries, donors, and local communities, followed by analysis to grasp their interests and influence levels. Engagement channels such as consultations and social media foster transparent communication, while collaboration with stakeholders, including government agencies and partner organizations, aids in decision-making and resource leveraging (Freeman, 1984; PMBOK Guide, 1996).

Influential stakeholders for NGOs include donors and funders, who shape priorities through financial support, and government agencies and policymakers, whose regulations and funding decisions impact operations. Beneficiaries and communities, with direct influence on project design and implementation, are crucial for sustainability. Additionally, partner organizations and board members play significant roles in strategic direction and governance (Wheelen and Hunger, 2008).

Effective stakeholder management mitigates potential problems and uncertainties, ensuring project success. Despite existing methods, further development is needed in project stakeholder management to address the complexity of the project environment (Gilbert, 1983; Cleland, 1986).

2.7 Empirical Literature Review

A study was conducted by (Hawi,2023)) in World Vision Ethiopia .The objective of the research was to evaluate the risk management practices employed by World Vision Ethiopia, international CSO and their impact on its financial sustainability. A semi-structured questionnaire was used in order to assess the Risk Management Practices. Findings of the study found to show that the careful planning is crucial for effective risk management, and all participants demonstrated knowledge of risk management practices. Security risks were identified as the most significant concern for the project, with document review, expert judgment, and checklist analysis being the most commonly used techniques for identifying risks. Risk probability and impact assessment was the primary tool

used for risk analysis. The study also found that risk management practices significantly impact financial sustainability, with organizations relying on various risk detection tools, internal and external audits, technology, and top management support. Implementation of enterprise risk management has aided in detecting fraud and ensuring compliance with regulations.

Risk management practices of Save the Children in Ethiopia by (Bezawit, 2021), the findings revealed a high level of implementation of risk management practices overall, although there were some areas for improvement. One notable finding was that project team members lacked active training and development in risk management. Uncertainties in projects were primarily handled by project managers, followed by consultants. Risk planning typically involved only relevant stakeholders, and expert judgment was the most commonly used tool and technique in this phase. Risk identification processes were found to be lacking throughout projects, with technical and operational risks being the most prominent. Risk analysis primarily relied on risk probability, impact assessment, and expert judgment, although documentation was often not updated after analysis. Risk response strategies such as avoidance and transferring were frequently implemented, but risk control and monitoring were found to be lacking. Risks were not regularly reviewed, and risk responses were not audited. Overall, there was a positive and significant correlation between dependent and independent variables related to risk management practices.

A study of Yilma, (2018) showed that All the ten knowledge areas were found relevant to improve the performance of NGOs' projects; however, knowledge areas which had a serious attention or follow up from donors and government were relatively mature than those knowledge areas that received less attention. As a result, all knowledge areas weren't implemented adequately and equally. The PMI maturity model hasn't included some features of development projects and DAC's criteria. He found that all sampled NGOs did risk analysis and mitigation plan starting from the project design. Risks were analyzed quantitatively with probability and level of impact. Project team and senior managers take responsibility risks with high probability and high impact. There was no mitigation plan for risks categorized as low impact and low probability. Most risks were generic and not project specific. Technical risks were not analyzed in detail. Most risks identified were political, financial and staff turnover risks which were beyond the control of the project. In addition, there was no strong system in all organizations surveyed to forecast risks and

develop immediate mitigation plan for emerging risks. .And the researcher include Key suggestions and recommendation for further research.

Institutionalization of risk management framework in Islamic NGOs for suppressing terrorism financing by (Othman & Ameer, 2014).This paper's goal is to offer ways to strengthen internal controls and transparency in order to allay worries among the international community over purported connections to terrorist organizations. In order to explain the current condition of counterterrorism efforts directed towards Islamic NGOs following 9/11, the writers examine the counter-insurgency theory and political process model. In order to prevent the funding of terrorism, the authors think that the concept of disrupting money flow is more crucial than blocking the accounts. The authors provides risk management framework useful at operational level to detect and prevent welfare activities financing warfare activities.

A research by Kamunya, (2021) seeks to establish a connection between the performances of NGO projects to specific risk management strategies based in Nairobi County. Theoretical anchor focuses on the stakeholder theory, supported by the theory of resource-based view and agency theory. To accomplish the objectives, descriptive approach research design sufficed, and random stratified sampling aimed at 110 projects run by NGOs, as indicated in the 2018/2019 KNGOB report. Project officers at the NGOs acted as the key respondents while the unit of analysis was performance of the NGO projects. According to research findings (Mares, 2019), stakeholders frequently lack awareness of the risks associated with projects. The reason for this is that the stakeholders were not completely involved by the management. In the same vein, studies conducted in 2019 by Nturanu and Mundia revealed the necessity of using an avoidance strategy, particularly in cases when expenses are quite high. This is consistent with agency theory, which gives project managers the freedom to decide what is appropriate at each stage of the project's life cycle. Nevertheless, some researchers, such as (Barquet and Cumiskey, 2018), found that minimizing risk actually limits the optimization of project performance, suggesting that managers must accept all risks. Furthermore, the researcher argues that risk reduction should be properly implemented and that it might be a conduit for project money to be diverted, which calls for the use of stakeholder theory and agency theory. As no single research may claim to have all the

information and conclusions, the current study suggests looking into additional tactics that may be used to improve project performance.

2.8 Analytical Framework

An analytical framework is used to organize concepts and terms, simplify complex issues, and guide research and analysis. It helps break down situations into manageable components, identify causal relationships, and enhance decision-making by providing a structured approach to understanding interactions within a system (Shankar, Pamela, Timothy and Mary, 2017). Accordingly, from the above literature review.

Figure 2.9: Analytical framework

Source: (https://www.educationtimes.com/)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

In this study, descriptive design was used. According to Adams et al., (2007), descriptive research is focused on reporting occurrences rather than explaining why behavior is the way it is. Descriptive research's primary goal is to give a reliable and accurate representation of the variables or elements that relate to or are important to the research topic. Descriptive research studies focus on characterizing the current trends within a certain organization (Kothari, 2004). Studies that aim to accurately represent people, events, or circumstances are known as descriptive research (Saunders et al., p. 590).

3.2 Research Approach

This research has used a mixed approach. Mixed method research is an approach to inquiry that combines or associates both qualitative and quantitative forms concurrently. In concurrent mixed methods research, qualitative and quantitative data are gathered simultaneously or in parallel (Andrew & Halcomb, 2009). According to (Gay et al., 2011), the goal of quantitative approaches is to explore relationship phenomena and characterize existing situations. Using this method to create inferential correlations between population characteristics works well as well. It comprises analyzing (by asking questions or by observing) a sample of the population to determine its characteristics and then concluding that all of the population has those features (Kothari, 2004). Therefore, it entails more than just collecting and analyzing both types of data; it also entails utilizing both methodologies simultaneously such that a study's total strength exceeds that of either qualitative or quantitative research (Creswell & PlanoClark, 2007).

3.3 Population Sampling Sample Size

3.3.1 Study population

The study area of this research was selected NGO in Addis Ababa around 22. The target population consists of project managers, managers, risk managers, and staff members.

3.3.2 Sampling size

The study employed the census approach to cover the total target population of the study. As per Kothari (2004), it's vital to highlight that in cases where the population is small, opting for a sample survey is impractical. A census involves a thorough count of all elements within the population. In such a method, with every item accounted for, there's no room for chance, resulting in the highest level of accuracy. It can be considered that in such an inquiry, when all items are covered, no element of chance is left and the highest accuracy is obtained. The population under study consists of 41 staff members located at the main office in Addis Ababa, working across both NGOs. And interviews for senior managers.

3.4 Types and Sources of Data

The study have used primary data and secondary data.

3.4.1 Primary Data Collection

Questionnaire

A questionnaire was carefully developed from previous preliminary investigations conducted on NGO projects in Ethiopia and around the world by different researchers. The questionnaire is divided into two parts. The background information on the respondents is examined in the first part. The second part of the questionnaire consists of a risk management process that has been identified in the literature. The process consists of five major steps. RM planning, RM identification, RM analysis, RM response, RM monitoring, and control. In this section, respondents are invited to rate the extent to which the following project risk management practices and strategies are applicable to their project(s) on a 5-point scale: 1: strongly disagree, 2: disagree, 3: neutral, 4: agree, and 5: strongly agree. And mark it with a tick (√) against the most applicable response. Close-ended questions will be distributed to selected NGO staff.

Interview

Data collection through interviews entails presenting oral-verbal stimuli and receiving oral-verbal replies in return. This technique was used through in-person interviews. Interviews were held with two project managers and one risk manager.

3.4.2 Secondary Data

In contrast, secondary data are those that have previously been gathered and processed through statistical analysis by another party (Kothari, 2004). The secondary sources of information considered in this study include: desk review materials in the forms of pdf, Microsoft word, and Microsoft excel, folders from the human resources office, and annual reports.

Financial Statements, base plan, contingency plan, risk documentation, and risk registration.

NGO Websites and Publications

Books, journals, online data, Previous Research Studies, published reports, and unpublished data literature.

3.5 Method of Data Collection and Instruments

The research instrument that was utilized was a questionnaire for most staff because it is affordable and saves both time and financial resources (Kumar, 1996), given that most project staff are busy. Close-ended questions are chosen since they allow the researcher to quickly get replies and increase the consistency of responses. The questionnaire was distributed in hard copy to the staff members. The interview questions were open-ended, allowing the interviewee to respond more openly and freely depending on their experiences. As a result, the interview will yield comprehensive qualitative data. The questionnaires and interviews that the research used were adapted from similar research (Fertuna, 2019) and (Bezawit, 2021), but some questions were updated and changed accordingly.

3.6 Data Analysis Method

The researcher utilized SPSS (version 20) software to analyze the quantitative data. Descriptive analysis were conducted following data collection to examine the practices of NGO teams regarding risk management. Two types of data analysis techniques, qualitative and quantitative were employed in this research. Qualitative analysis theme-based was applied from the interview data.

The following analyses are performed on the quantitative data:

Descriptive statistics to determine the population sample's demographic information and assess the risk management practice. Descriptive statistics, including mean, frequencies, reliability, and

standard deviation, were employed to evaluate the issues under examination. The statistical analysis findings are presented through tables, graphs, and written summaries. Also excel is used to present charts.

3.7 Validity and Reliability

Validity is the extent to which a test measures what it set out to measure and reliability is the extent to which a test can consistently measure something. The need for validity applies to all stages of a research project including design, data collection and analysis. External validity is concerned with the generalizability of the findings of the research and is the main criterion for deciding the quality of the populations and samples selected for the study (Saunders et al., 2009). Internal validity has to do with the extent to which the research design and data collected can adequately address the research questions.

This study's validity was strictly guaranteed by its methodical design, reliable statistical analyses, rigorous data gathering techniques, and verified measuring instruments. It employed descriptive design controlled for risk management practice, and validated measurement tools such as expert Review whether the questions adequately cover the relevant aspects of risk management. Cognitive interviews which involve conducting interviews with participants to understand how they interpret and respond to the questionnaire items. Literature review ensuring that the questionnaire and interview questions are based on established theories, models, and previous research findings in NGO project risk management helps validate their content and construct validity. These tools and techniques are employed iteratively throughout the research process to enhance the validity.

Furthermore, a reliability test was conducted to guarantee the uniformity of the instruments utilized for the primary administration. The internal consistency reliability of a scale or questionnaire is measured by Cronbach's alpha, which evaluates how effectively the items measure the same underlying construct. Higher values indicate stronger internal consistency among the components, and the range is 0 to 1.

Variables	Cronbach's Alpha	Number of items
General risk management practice	.855	5
Risk planning	.881	3
Risk identification	.854	3
Types of risk	.761	8
Risk analysis	. 906	3
Risk response	.810	3
Risk monitoring and controlling	.843	4
Overall	.867	29

Table 3.7: Reliability statics

Source: (own survey, 2024)

The reliability of this instrument was determined by using the aid of the SPSS-program in conjunction with Cronbach coefficient-alpha. In which the overall result is 0.867. This indicates that the questionnaire's items have a high degree of internal consistency, suggesting that the items are reliably measuring the same underlying construct, which in this case is likely related to risk management practices.

3.7 Ethical Considerations

The study was undertaken with ethical responsibility in account. This involves utilizing proper citations and respecting participants' privacy. The study Participants also were informed of issues of voluntary involvement and harmlessness, privacy and anonymity, and confidentiality. And that analysis and reporting was not personalized.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

In this chapter, the information gathered from participants to understand the risk management practices of NGOs in Ethiopia, Addis Ababa, specifically TaYA and Cuso International NGO projects. Out of 41 project team members, 34 completed questionnaires were returned, resulting in an 82.93% response rate.

The chapter is divided into two sections. The first section presents the demographic details of the participants, while the second section focuses on risk management practices basically on the risk management processes. The questionnaire used a Likert scale with Strongly Disagree (SD) = 1, Disagree (D) = 2, Neutral (N) = 3, Agree (A) = 4, and Strongly Agree (SA) = 5. The collected questionnaire data was analyzed using descriptive statistics SPSS (20). The data from the interview of senior managers was analyzed theme-based.

This chapter presents the analysis, interpretation, discussion, and findings.

4.1 General Information

This section provides an overview of the study participants, detailing their gender, age, educational attainment, and years of work experience. The information is summarized and presented in the table below.

		Frequency	%	Valid %	Cumulative%
Gender	Male	21	61.8	61.8	61.8
	Female	13	38.2	38.2	100.0
	Total	34	**100.0**	**100.0**	

Age of respondent	21-30 Years	5	14.7	15.2	15.2
	31-40 years	15	44.1	45.5	60.6
	41-50 Years	7	20.6	21.2	81.8
	above50	6	17.6	18.2	100.0
	Total	**33**	**97.1**	**100.0**	
	Missing	1	2.9		
	Total	**34**	**100**		
Education status	First Degree	18	52.9	52.9	52.9
	Masters	11	32.4	32.4	85.3
	PHD	2	5.9	5.9	91.2
	Other	3	8.8	8.8	100.0
	Total	**21**	**100.0**	**100.0**	
Work Experience	Below 1	4	11.8	11.8	11.8
	1-2 Years	3	8.8	8.8	20.6
	3-5 Years	10	29.4	29.4	50.0
	More than 5 Years	17	50.0	50.0	100.0
	Total	**34**	**100.0**	**100.0**	

Table 4.1: General information

Source: (own survey, 2024)

The gender distribution of the participants is illustrated in Table 4.1 according to the data, the majority of the respondents, 61.8%, were male. In contrast, 38.2% of the participants were female. This indicates a mainly of male participants in the study.

Regarding the age of the respondents, the valid total responses are 33 participants, making up 97.1% of the sample. There is one missing value, which is 2.9%. The largest group, about 44.1% is aged 31-40 years. This is followed by 20.6% in the 41-50 year age range. 17.6% are over 50 years old, and 14.7% are in the 21-30 year age group.

Concerning the educational attainment of the respondents, as the above table shows. The largest proportion, about 52.9%, holds a Bachelor's degree. This is followed by 32.4% of the respondents who have a Master's degree. 8.8% of the participants hold International certificates, and 5.9% have attained a Doctorate (PHD). As (Yilma, 2018) "NGOs usually hire graduates and postgraduates, PhD is considered as overqualified for the PM role". This is also the result of the respondents the same only a few have PhD and International certificates. These indicate that the majority of the respondents have at least a Bachelor's degree, reflecting a well-educated participant in the organization.

The work experience of the respondents, half of the respondents 50% have more than 5 years of experience. This is followed by 29.4% who have 3-5 years of experience. Also in the interview, the respondents revealed that most of the staff members have more than 25 years of work experience. About 8.8% of the participants have 1-2 years of experience, and 11.8% have less than one year of experience. This result indicates that the majority of respondents have significant experience, with most having more than 5 years in their respective fields.

4.2 Risk Management Practice

The risk management process is an integrated approach with risk planning, risk identification, risk analysis, risk response, risk monitoring, and control. The below sections provide the responses of the respondents in the risk management practice.

4.2.1 General Risk Management Practice of the Project

The general risk management practices used for the project are described in this section, along with the distribution of responses on a Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5). Additionally, it includes the mean and standard deviation for each practice or question. According to Hadiyanto, (2012), the researcher suggested the following scale for data interpretation based on the mean of the data.

Interpretation	Mean Score
Very Low	1.00 – 1.80
Low	1.81 – 2.60
Moderate	2.61 – 3.40
High	3.41 – 4.20
Very High	4.21-5.00

Table 1.2: Interpretation of the Mean Score

Source: Hadiyanto (2012)

The below table presents the general risk management practices observed within the project

General risk management practice of the project	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	SD
RM is considered	0	2(5.9%)	11(32.4%)	18(52.9%)	3(8.8%)	3.65	.733

in early phase of the project							
Guideline that directs how to manage unexpected uncertainties	0	6(17.6%)	9(26.5%)	13(38.2%)	6(17.6%)	3.55	.990
Project team members are getting active training and development	4(11.8%)	15(44.1%)	9(26.5%)	6(17.6%)	0	2.50	.929
RM is treated as a continuous process	0	3(8.8%)	12(35.3%)	16(47.1)	3(8.8%)	3.55	.785
RM is considered in early phase of the project	0	1(2.9%)	8(23.5%)	16(47.1%)	9(26.5)	3.97	.797
Total mean and SD						3.44	0.847

Table 4.2.1: General risk management practices

Source: (own survey, 2024)

Under this section, respondents were asked to rate the five items of the general risk management practice of the project based on the Likert five scale of measurement.

According to a study by Hadiyaton, (2012), scores ranging from 3.41 to 4.20 are classified as "high" in terms of risk management considerations. The mean score for risk management consideration in the early phase, which is 3.65, falls within this high category. This indicates that those organizations recognize the importance of integrating RM from the beginning of the project. Early consideration of RM helps in identifying potential risks and implementing strategies to mitigate them before they escalate. The relatively low standard deviation suggests that there is a fair amount of agreement among respondents regarding this practice. The interview also supported the idea that risks are planned early in the project life cycle. The results both indicate that there is proactive consideration in the early phases of projects.

The existence of a policy or guideline accounts for a notable proportion (38.2%) who agreed that a policy or guideline is directing how to manage unexpected uncertainties, with a mean score of 3.55 and a standard deviation of 0.990. However, the relatively high standard deviation suggests some variability in opinions among respondents, with some indicating stronger agreement and others expressing disagreement. This shows they have formal procedures to handle unforeseen risks, which is crucial for effective risk management. However, the variability indicated by a mean of 3.55 and SD of 0.990 suggests that implementing these guidelines may not be uniform across the organizations. The outcome of the interview further confirmed the existence of a policy guiding the handling of unforeseen uncertainties.

Training and development for project team members was about 11.8%, and 44.1% strongly disagreed and disagreed, respectively, that project team members didn’t receive active training and development about project risk management, giving a mean score of 2.50, which is low, and a standard deviation of 0.929. As indicated in the interview, there is no regular training on the risk management topic because it is widely believed that project managers already have the requisite knowledge and comprehension of risk management concepts. Because of this dependence on the

project managers' preexisting expertise, formal training programs for the larger project team have not received priority. This highlights a critical area for improvement. Without proper training and development, team members may lack the skills and knowledge necessary to effectively manage risks. This gap can undermine the overall effectiveness of RM practices.

Treatment of risk management as a continuous process a significant portion of 47.1% and 8.8% agreed and strongly agreed that risk management is treated as a continuous process in the project, with a mean score of 3.55 and a standard deviation of 0.785. The mean score is so high that it indicates the risk is a continuous process in the organization. This suggests that while many of them view RM as an ongoing activity, there is still a significant portion that may not. Continuous RM is essential for adapting to new risks as they arise and ensuring ongoing project success.

A significant portion of respondents (47.1%, 26.5%) agreed and strongly agreed that there exists a document recording past project risks for future learning. Only 2.9% of respondents disagreed with the question. 23.5% of the respondents selected neutral. The mean score of 3.97, along with the low standard deviation of 0.797, indicates a high level of agreement among participants. This low standard deviation suggests that responses regarding the existence of a document for past project risks were consistent among respondents. This strong agreement underscores the importance of early RM consideration, which aligns with best practices in project management. Identifying and addressing risks early can prevent many issues from arising later in the project.

The overall mean of 3.44 and SD of 0.847 across all questions indicate a general trend towards agreement on the importance and implementation of RM practices. However, the variability highlights inconsistencies in application. The integration of RM early in the project and the existence of guidelines for managing uncertainties are strong points. These practices help in laying a solid foundation for risk mitigation. The lack of active training and development for project team members is a significant weakness. Organizations need to focus on building their teams' RM capabilities to ensure effective risk management. Additionally, while continuous RM is acknowledged, its implementation can be improved.

4.2.2 The Primary Responsibility for Risk Management

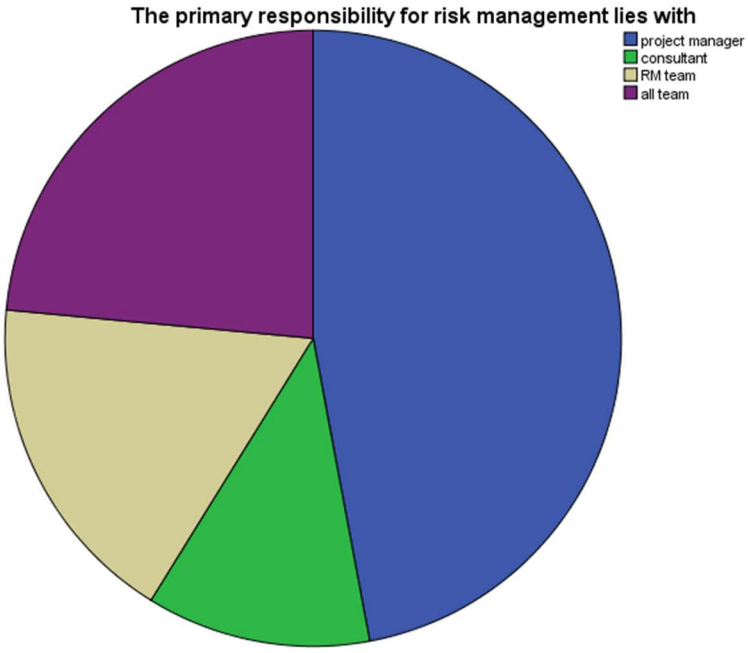

Figure 4.2.2: primary responsibility for risk management

Source: (own survey, 2024)

Figure 4.2.2 presents the distribution of responses regarding the primary responsibility for risk management within the project. The data is categorized into four options: project manager, consultant, risk management (RM) team, and all team members.

The distribution of responses regarding the primary responsibility for risk management within the project indicates varying perspectives among respondents. The majority, 47.1%, believe that the project manager should primarily handle risk management. This suggests a common view that the project manager, being central to the project's execution, is best positioned to manage risks. And one of the organization interview reveled that most uncertainties are managed by the project manager and it depends on the project.

However, 11.8% of respondents think that a consultant should be responsible. This view may stem from the belief that external expertise can provide objective and specialized risk management strategies.

The risk management team was identified by 17.6% of respondents as the primary entity responsible for managing risks. This underscores the importance of having a dedicated team with focused expertise on identifying, assessing, and mitigating risks.

Interestingly, 23.5% of respondents believe that all team members should share the responsibility for risk management. This perspective highlights a more collaborative and integrated approach, where risk management is seen as a collective effort, ensuring that every member is vigilant and proactive in identifying and addressing risks.

Overall, the varied responses reflect different organizational cultures and structures, indicating that the approach to risk management can be centralized, specialized, or distributed depending on the specific needs of the project and organization.

4.2.3 Level of Risk Faced by the Organizations

In the last five years the level of risk faced by the organizations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased	17	50.0	50.0	50.0
	Not changed	9	26.5	26.5	76.5
	Decreased	6	17.6	17.6	94.1
	Not sure	2	5.9	5.9	100.0
	Total	34	100.0	100.0	

Table 4.2.3: Level of risk faced by organizations

Source: (own survey, 2024)

Over the past five years, perceptions of the level of risk faced by organizations have varied among respondents. Half of the respondents (50%) selected that the level of risk has increased, indicating a significant perception of escalating organizational risks. 26.5% of respondents selected that the risk level has remained constant, suggesting stability in their risk environment. Meanwhile, 17.6% of respondents believe that the level of risk has decreased. Lastly, 5.9% of respondents are unsure about the changes in risk levels, which may reflect a lack of awareness or insufficient data to make an informed judgment. The interview responses indicate that over the past five years, the level of risk has significantly increased for the organization. This increase is attributed to a variety of factors, including security issues, economic fluctuations, natural disasters such as floods in certain areas, inflation, rising exchange rates, and political instability. These diverse elements have collectively contributed to a heightened risk environment.

4.3 Risk Planning

The table below provides insights into the respondents' perceptions of risk planning within their projects. It includes three key aspects: stakeholder involvement in the RM plan, the roles and responsibilities of various stakeholders participating in risk management are clearly defined, risk management plan is included during project planning.

Risk planning questions	Strongly disagree (1)	Disagree (4)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	SD
Relevant Stakeholders involved and agreed on RM plan	0	9(26.5 %)	6(17.6%)	16(47.1 %)	3(8.8%)	3.38	.985
Roles and responsibilities in RM are clearly defined	0	12(35.3 %)	16(47.1 %)	6(17.6%)	0	2.82	.716

RM plan included in project planning	0	4(11.8 %)	3(8.8%)	19(58.8 %)	8(23.5 %)	3.91	. 900
Total mean and SD						3.70	.867

Table 4.3: Risk planning

Source: (own survey, 2024)

In the first question 47.1%, 8.8% agree, and strongly agree, which means more than half of the respondents agreed that stakeholders are involved in the risk management plan. The mean score of 3.38 suggests that moderate, according to Hadiyanto, (2012), respondents agree that relevant stakeholders are involved in the risk management plan and have reached an agreement. Frame (2009) emphasizes that a risk management plan should outline the team's approach to addressing risks, particularly in complex projects. The standard deviation of.985 indicates moderate variability in responses, showing some differences in opinions among respondents. The interview also revealed that while planning a risk, relevant stakeholders are involved, such as the project manager, external stakeholders, partners, donors, and head office manager, all of whom are critical and technical stakeholders.

The second question from the risk planning category gets the response rates of disagree, neutral, and agree, respectively (35.3%), (47.1%), and (17.6%), in which most respondents might not have enough information about whether the roles and responsibilities of various stakeholders participating in RM are clearly defined or not. The mean score is 2.82; responses are closer to neutral, indicating that many respondents feel that the roles and responsibilities of stakeholders in risk management are not clearly defined. This finding is critical, as clearly defined roles are vital for effective RM implementation (Kerzner, 2009). The lack of clarity can hinder the coordinated efforts necessary for robust risk management, as emphasized by PMI (2013). Ensuring that all team members are aware of their responsibilities could improve the overall risk management process, making it more dynamic and responsive, as Wysocki (2014) suggests. The standard deviation of 0.716 suggests that there is less variability in responses, with most respondents leaning towards disagreement or neutrality.

The last question from the risk planning category is whether a risk management plan is included during project planning. 58.8%, 23.5%, and strongly agree, respectively, which means most of the respondents agreed on this point. The mean score of 3.91 suggests that respondents mostly agreed that the risk management plan should be included during project planning. The standard deviation of 0.900 indicates moderate variability in responses, showing some differences in opinions among respondents. As the literature, which highlights that incorporating RM plans during the initial stages of project planning can enhance the likelihood of project success by providing a clear framework for risk identification and mitigation (PMI, 2017; Coope et al., 2005). The integration of RM planning into broader organizational strategies, as noted by Richardson (2014), also supports this finding, suggesting that NGOs recognize the importance of early and proactive risk management.

The overall mean score of 3.70 (SD = 0.867) for the risk planning questions indicates a generally positive but varied implementation of risk management practices. While there is a strong foundation for RM planning, particularly in its inclusion during project planning, challenges remain in stakeholder involvement and the clarity of roles and responsibilities. The literature underscores the necessity of a comprehensive and dynamic risk management plan (Wysocki, 2014; Gary L. & Brad M., 2019), and the findings suggest that they need to enhance these aspects to fully realize the benefits of effective risk management. By addressing these areas, they can better navigate the challenging environments they operate in, safeguarding their projects and organizational missions.

4.4 Risk Identification

Risk identification questions	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
Risks identified throughout project lifecycle	0	11(32.4%)	1(2.9%)	20(58.8%)	2(5.9%)	3.38	1.015

Project team involved in risk identification	0	14(41.2%)	8(23.5%)	10(29.4)	2(5.9%)	3.00	. 984
Documentation of identified risks and characteristics	0	7(20.6%)	10(29.4%)	9(26.5%)	8(23.5%)	3.52	1.079
Total						3.30	1.026

Table 4.4: Risk identification

Source: (own survey, 2024)

Risks are identified throughout the project lifecycle which is the first question for risk identification. In this question, the majority of respondents (58.8%) agree that risks are identified throughout the project lifecycle. The presence of 32.4% of respondents who disagree indicates that there is a significant portion who believe that risk identification is not consistently practiced throughout the project lifecycle. The mean score is 3.3824. This indicates a general tendency towards agreement which is moderate. With the relatively moderate standard deviation of 1.01548 suggests a considerable variation in responses. As Schieg (2006), emphasizing the forward-looking nature of risk identification and the need for ongoing alertness to capture emerging risks.

The second question is whether project team members are involved in the risk identification process. The mean score of 3.00 indicates that respondents are neutral that project team members are involved in the risk identification process. The low standard deviation of .984 suggests there is a moderate variation among respondents. The interview also supported that all the team involvement in risk identification may be lacking but major project team members as project managers are always involved. This involvement is crucial, as emphasized by Tchankova (2002), who stresses the importance of engaging all project personnel in identifying potential risks. The

mean score indicating potential gaps in engagement or awareness among team members, there is a foundation to build upon to enhance team involvement in risk identification efforts.

There is documentation of identified risks and their characteristics get a high mean score of 3.52. As stated by Hadiyanto, (2012) the mean score is high. This suggests strong agreement among respondents that there is documentation of identified risks and their characteristics. The standard deviation of 1.079 indicates an acceptable variation in responses, but overall, half of the respondents (50%) agree or strongly agree with this statement, showing a positive perception of risk documentation practices. As can be seen from the interview replies, the organization has a written and clearly defined risk from past experience. This aligns with PMI's (2013) emphasis on documenting risk characteristics to facilitate effective risk management.

Overall, the total mean score of 3.30 (SD = 1.026) across all risk identification questions indicates a generally positive but varied implementation of risk identification practices within the studied projects. While there is a strong foundation in documenting identified risks and recognizing the importance of continuous risk assessment, improvements are needed in ensuring consistent team involvement throughout the project lifecycle. Strengthening these aspects, as recommended by Schieg (2006) and PMI (2013), can enhance the proactive management of risks, leading to more resilient project outcomes and organizational success.

4.4.1Types of Risk

The table seeks to demonstrate whether the mentioned types of risks are encountered by NGOs and to assess to what extent these risks are available in the NGOs. The data collected provides insights into how respondents perceive various risks, such as management, legal, financial, external, operational, reputation, grant, and volunteer risks.

Specific types of risk faced by NGOs	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation

Management risk	3(8.8%)	3(8.8%)	9(26.5%)	10(29.4%)	9(26.5%)	3.55	1.235
Legal risk	0	0	2(5.9%)	11(32.4%)	21(61.8%)	4.55	.612
Financial risk	0	0	1(2.9%)	8(23.5%)	25(73.5%)	4.70	.523
External risk	0	0	1(2.9%)	12(35.3%)	21(61.8%)	4.58	.556
Operational risk	0	1(2.9%)	6(17.6%)	12(35.3%)	15(44.1%)	4.20	.844
Reputation risk	4(11.8%)	7(20.6%)	9(26.5%)	7(20.6%)	7(20.6%)	3.17	1.313
Grant risk	0	2(5.9%)	3(8.8%)	14(41.2%)	15(44.1%)	4.23	.854
Volunteer's risk	0	0	3(8.8%)	15(44.1%)	16(47.1%)	4.38	.652
Total						4.17	0.828

Table 4.4.1: Types of risk

Source: (own survey, 2024)

Management risk management risks, encompassing strategic decision-making and leadership challenges, are significant concerns for NGOs. With the response of 8.8% strongly disagree, 8.8% disagree, 26.5% neutral, 29.4% agree, and 26.5% strongly agree. The mean score of 3.55 indicates a high level of agreement among respondents that management risk is a significant issue. The relatively high standard deviation (1.235) suggests considerable variability in perceptions about management risk. Effective management is crucial for guiding organizations through uncertainty and achieving their missions (McConnell, 1996).

Legal risk responses are 5.9% neutral, 32.4% agree, and 61.8% strongly agree. The very high mean score of 4.55 shows a strong consensus that legal risk is a critical concern for NGOs. The low

standard deviation (0.612) indicates consistent agreement among respondents. Legal risk include compliance with regulations, potential litigation, and the impact of legal changes on organizational operations, reflecting the critical need for legal preparedness in NGO governance (Ling and Hoi, 2006).

Financial risk responses are 2.9% Neutral, 23.5% agree, and 73.5% strongly agree. Financial risk is perceived as the most significant risk, with the very highest mean score of 4.70. The low standard deviation (0.523) indicates strong agreement among respondents. It turned out that financial risk is a challenge that comes up often. This aligns with the literature emphasizing the importance of transparent financial practices and fiscal responsibility to sustain donor confidence (Greenlee and Tuckman, 2007; Yetman, 2007).

External risk responses are 2.9% neutral, 35.3% agree, and 61.8% strongly agree. External risk is also seen as highly significant, with a mean score of 4.58 and low standard deviation (0.556), reflecting consistent perceptions among respondents.

Operational risk responses are 2.9% disagree, 17.6% neutral, 35.3% agree, and 44.1% strongly agree. The mean score of 4.20 indicates a high level of concern for operational risk, with a moderate standard deviation (0.844). This underscores the need for robust operational systems and risk mitigation strategies to maintain organizational efficiency (PWC, 2021).

Reputation risks, which include potential harm to an NGO's public image. Effective communication, ethical practices, and adherence to donor guidelines are crucial for mitigating these risks and maintaining public trust (Iwankiewicz-Rak, 2006; Clary, 1997). Reputation risk responses are 11.8% strongly disagree, 20.6% disagree, 26.5% neutral, 20.6% agree, and 20.6% strongly agree. Reputation risk has the lowest mean score compared to other types of risk (3.17) and the highest standard deviation (1.313), indicating mixed opinions and less consensus among respondents about its significance.

Grant risk responses are 5.9% disagree, 8.8% neutral, 41.2% agree, and 44.1% strongly agree. Grant risk is perceived as important, with a mean score of 4.23. This are challenges related to grant

funding, such as compliance with donor requirements and project performance. Effective grant management practices are essential to secure funding and sustain project initiatives (Matan and Hartnett, 2011). The standard deviation (0.854) indicates some variability in responses but generally reflects strong agreement.

Volunteer's risk responses are 8.8% neutral, 44.1% agree, and 47.1% strongly agree. Volunteer risk is also seen as a significant concern, with a mean score of 4.38 and a relatively low standard deviation (0.652), indicating consistent views among respondents. This type of risks associated with managing volunteers, including recruitment, training, and liability issues. Comprehensive volunteer management policies and training programs are essential to ensure volunteer safety and organizational effectiveness (Matan and Hartnett, 2011).

Overall the listed risk types are perceived by nonprofit organizations as reputation risk has the lowest mean value. Reputation risks such as an event that could harm the image of the organization. Financial risk has the highest mean compared to the other listed risk types faced in NGOs. The table seeks to demonstrate whether the mentioned types of risks are encountered by NGOs and to assess to what extent these risks are available in the NGOs. The data collected provides insights into how respondents perceive various risks, such as management, legal, financial, external, operational, reputation, grant, and volunteer risks. NGOs must prepare contingency plans to mitigate these risks and ensure continuity of operations in unpredictable environments (Rashid, 1991; Prasad & Francescutti, 2017).

4.4.2 Primary Methods to Identify Risk

The below figure shows the methods used to identify risk in both NGOs such as Expert judgment, checklist, Information gathering, Brainstorming, Assumption analysis, Document review SWOT analysis.

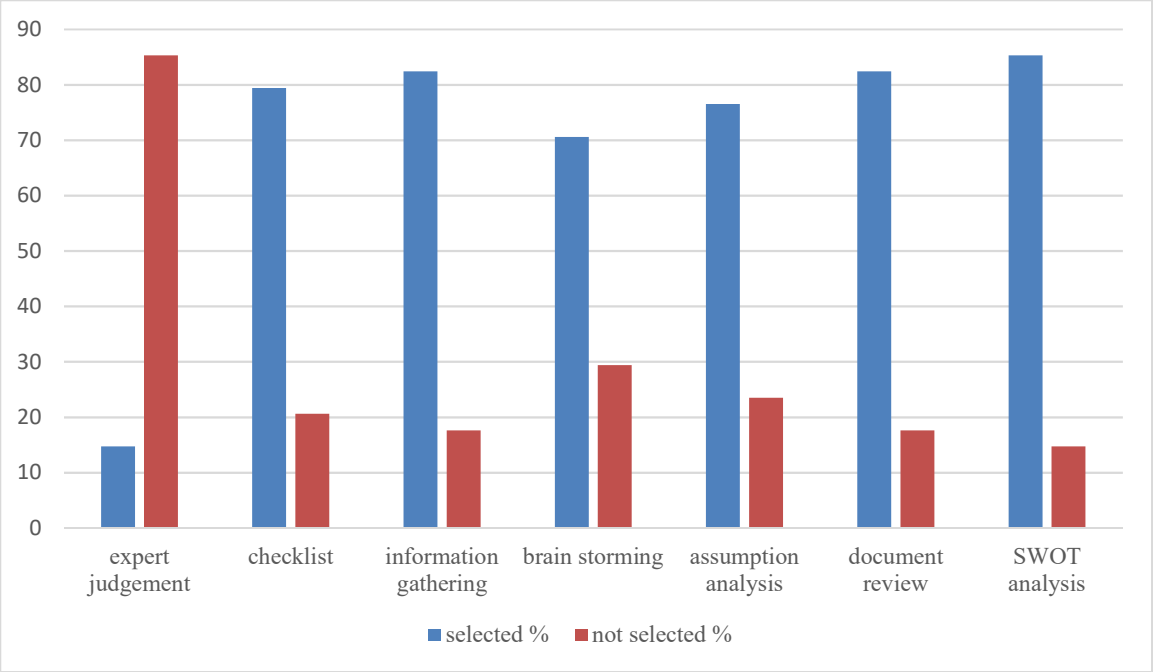

Figure 4.4.2: Methods to identify risk

Source: (own survey, 2024)

The figure outlines the primary methods used by respondents to identify risks, showing a preference for specific techniques. Expert judgment, the least chosen method, was selected by only 14.7% of respondents. This low selection rate may indicate a reliance on more structured and collaborative methods over individual expert opinions.

Checklists were chosen by a significant 79.4% of respondents, reflecting their popularity and utility. Checklists offer a systematic approach to ensure that potential risks are not overlooked by leveraging lessons from previous projects and structured documentation.

Information-gathering methods, chosen by 82.4% of respondents, highlight the importance of using diverse sources such as web-based information, electronic files, and Internet research to identify potential risks. This method's high selection rate underscores its effectiveness in providing comprehensive risk identification.

Brainstorming was selected by 70.6% of respondents, indicating its widespread use as a collaborative technique. This method promotes the spontaneous generation of ideas in a non-judgmental environment, allowing group members to build on each other's inputs and identify a wide range of risks.

Assumption analysis, chosen by 76.5% of respondents, is crucial for reviewing the validity and soundness of assumptions underlying the project. This method helps in identifying risks that arise from incorrect or unverified assumptions.

Document reviews were picked by 82.4% of respondents, showcasing their effectiveness in exposing constraints, assumptions, and incomplete documentation that can be sources of risk. This method often includes reviewing key documents like the Work Breakdown Structure (WBS) and past project reviews.

Finally, SWOT analysis was the most selected method, with 85.3% of respondents choosing it to identify risks. This method involves analyzing strengths, weaknesses, opportunities, and threats, providing a comprehensive view of potential risks from both internal and external perspectives.

Overall, the high selection rates for structured, systematic, and collaborative methods like checklists, information gathering, document reviews, and SWOT analysis indicate their perceived effectiveness in thorough risk identification. The relatively low reliance on expert judgment suggests a preference for methods that leverage collective insights and comprehensive documentation.

4.5 Risk analysis

The table presents responses to questions related to risk analysis within NGOs, focusing on how risks are prioritized, analyzed, and documented.

Question on risk analysis	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Mean	SD

Risks are prioritized by their probability and impact.	0	3(8.8%)	11(32.4%)	11(32.4%)	9(26.5%)	3.76	.955
Identified risks are numerically analyzed	2(5.9%)	9(26.5%)	13(38.2%)	8(23.5%)	2(5.9%)	2.97	.999
Project documents are updated after risks are analyzed	5(14.7%)	11(32.4%)	6(17.6%)	8(23.5%)	4(11.8%)	2.85	1.282
Total mean and SD						3.19	1.07

Table 4.5: Risk analysis

Source: (own survey, 2024)

The first question of risk analysis was about the prioritization of risks based on probability and impact, responses 26.5% of respondents strongly agree, 32.4% agree, 32.4% are neutral, and 8.8% disagree. The mean score is 3.76, indicating that highly the respondents agreed that risks are prioritized based on their probability and impact. The standard deviation is 0.955, indicating a moderate variation in responses. The interview responses also confirm that risks are prioritized based on their probability and potential impact. This indicates a moderate agreement that risks are prioritized based on their probability and impact. Prioritization is a key step in risk management, essential for focusing resources on the most critical risks that could significantly impact project objectives. Qualitative methods like risk probability and impact assessment (RPI) matrices are

typically used here to categorize risks into high, medium, and low priorities based on their assessed likelihood and consequences (PMI, 2013).

The second question of risk analysis was about numerical analysis of identified risks on project objectives. The responses are respectively 5.9% strongly disagree, 26.5% disagree, 38.2% are neutral, 23.5% agree, and 5.9% strongly agree. The mean score is 2.97, which falls close to neutral. It is also possible to say that respondents are unsure about the topic. And based on Hadiyanto, (2012) the mean value is moderate. This shows that opinions among respondents on the numerical analysis of identified risks with respect to the project's overall goals are varied. This suggests that while some quantitative analysis may be performed, there may be a reliance on qualitative or semi-quantitative approaches rather than full numerical analysis. Numerical analysis, such as using Expected Monetary Value (EMV) or Decision Tree Analysis, provides more precise estimations of risk impacts and probabilities, offering a clearer basis for decision-making (Hubbard, 2008).The standard deviation is 0.999, indicating a moderate level of variation in responses. There is a varied response regarding the numerical analysis of identified risks.

The third question deals with updating project documents after risk analysis. The responses are the following 11.8% strongly agree, 23.5% agree, 17.6% are neutral, and 32.4% disagree, 14.7% strongly disagree. The mean score is 2.85, indicating that on average, respondents disagree that project documents are not updated following risk analysis. Compared to other aspects of risk analysis question responses, document updating has the lowest mean value. . The lower mean score indicates less agreement on the regular updating of project documents post-risk analysis. Effective risk management involves not only identifying and analyzing risks but also updating project plans and documents to integrate risk responses and adjustments. This process ensures that the project remains aligned with its objectives despite potential disruptions (PMI, 2013).The overall result of updating project documents post-risk analysis is not consistently practiced. The standard deviation of 1.282 indicates a high variation in responses, which indicates that there is a considerable range of opinions among respondents.

Overall, risk analysis practices are moderately effective, with a 3.19 mean score and 1.07 standard deviation. There is notable variability and a need for improvement, particularly in the numerical analysis of risks and the subsequent updating of project documents.

4.5.1 Tool and Technique Primarily Used in Risk Analysis

The below figure shows the techniques used to assess the probability of the occurrence in the project with the corresponding frequency and percentage of respondents who selected each technique.

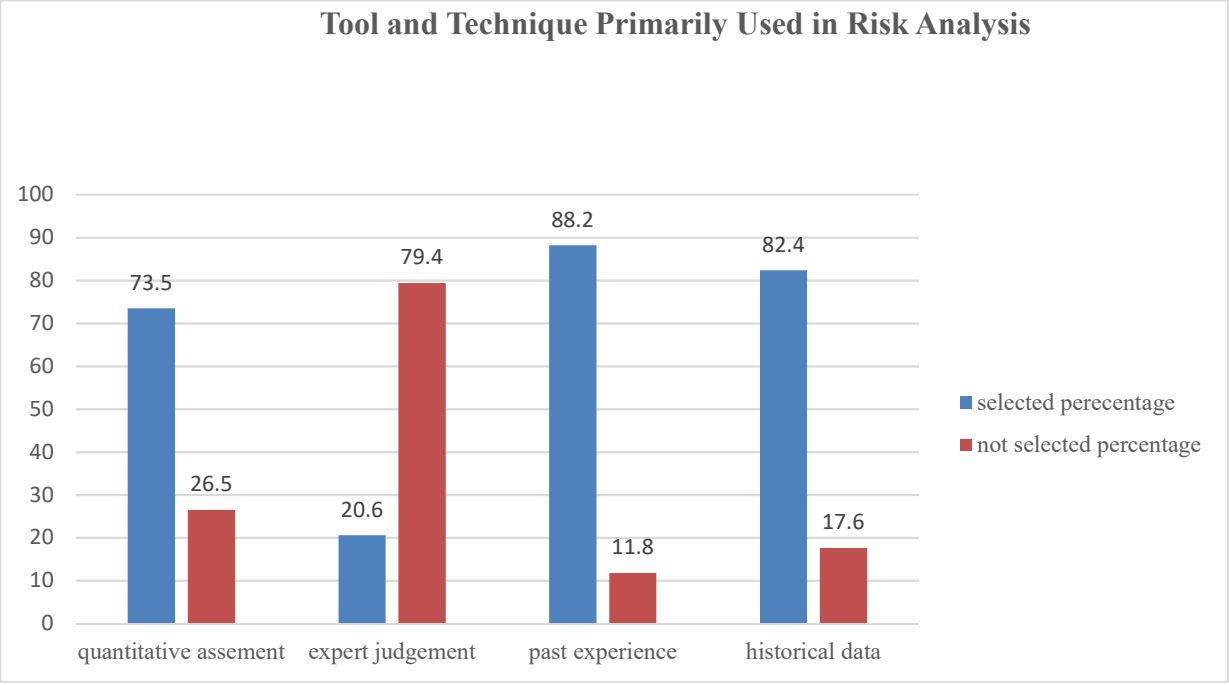

Figure 4.5.1: Tool and Technique Primarily Used in Risk Analysis

Source: (own survey, 2024)

The quantitative assessment technique, involving numerical methods to evaluate risk probabilities, was selected by 73.5% of respondents. This high selection rate indicates its broad acceptance and application in the organization's risk management practices. Quantitative assessment allows for a more objective and measurable analysis of risks, which can be crucial for precise risk evaluation and decision-making.

Subjective probability assessment, based on expert judgment, was chosen by 20.6% of respondents. While not as commonly used as other methods, this approach relies on the expertise of professionals to estimate risk probabilities. Its lower selection rate suggests that while expert judgment is valuable, it may be less favored due to its potential for bias and lack of numerical precision compared to quantitative methods.

Ranking the importance of risks based on past experience is the most widely used method among respondents, with 88.2% indicating reliance on this approach. This technique involves prioritizing risks using historical data and past experiences, which can provide a practical and contextually relevant understanding of risk. Its popularity highlights the value of leveraging historical insights to inform current risk management strategies.

Qualitative assessment, using non-numerical data to evaluate risk probabilities, was chosen by 82.4% of respondents. This method draws on historical records and past events to provide a more descriptive analysis of risks. The high selection rate for qualitative assessment underscores its importance in offering a comprehensive view of risk scenarios, particularly when numerical data may be insufficient or unavailable.

Overall, the data reflects a balanced approach to risk assessment within the organization, combining quantitative methods for precision with qualitative and experience-based techniques for context and depth. The diverse use of these methods indicates a robust risk management strategy that integrates multiple perspectives and tools to effectively identify and mitigate risks.

4.6 Risk Response

Question on risk response	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Mean	SD
Actions and options are developed to enhance	2(5.9%)	8(23.5%)	11(32.4%)	12(35.3%)	1(2.9%)	3.05	.982

opportunities and to reduce threats to project objectives.							
Strategies are developed to mitigate all the identified risks.	6(17.6%)	12(35.3%)	8(29.4%)	3(8.8%)	3(8.8%)	2.55	1.159
Factors are considered while responding to risk.	0	0	4(11.8%)	10(29.4%)	20(58.8%)	4.47	.706
Total mean and SD						3.35	.949

Table 4.6: Risk response

Source: (own survey, 2024)

Actions and options are developed to enhance opportunities and to reduce threats to project objectives was the first question of risk response. According to Joblings et al. (2007), proactive risk management involves continuously monitoring risks and developing response plans to address potential threats, especially those with moderate impact but low probability. Responses are 2.9% of respondents strongly agree, 35.3% agree, 32.4% are neutral, and 23.5% disagree, 5.9% strongly disagree. The mean score is 3.05, which is close to neutral. Based on (Hadiyanto, 2012) the mean value is moderate. The standard deviation is .982, indicating a moderate variation in responses.

The second question of risk analysis was if strategies are developed to prevent or mitigate all the identified risks. Risk mitigation strategies, as described by Tummala and Schoenherr (2011), aim to reduce the impact or likelihood of risks that cannot be completely eliminated. However, the

responses are respectively 8.8% strongly agree, 8.8% agree, 29.4% are neutral, 35.3% disagree, and 17.6% strongly disagree. The mean score is 2.55. Based on Hadiyanto, (2012) the mean value is low. The moderate standard deviation of 1.159 suggests a considerable variation in responses, reflecting differing opinions on the effectiveness and development of mitigation strategies.

The third question focuses on if factors are considered while responding to risk. The literature emphasizes the importance of considering factors like budget, schedule, and resources during risk response activities (Tummala & Schoenherr, 2011). The data supports this, with response rate of 11.8% neutral, 29.4% agree, 58.8%strongly agree. The percentage of the respondents shows that 88.2% agreed that factors such as budget, schedule, and resources are considered while responding to risk. The mean score is 4.47, indicating that most of the respondents agree that those factors are considered while responding to risk. The standard deviation is 0.706, showing a low variation in responses. The interview responses also confirm that factors are considered while responding to risk.

Overall, with a standard deviation of 0.949 and an overall mean of 3.35 for all risk response questions, the results point to a generally positive assessment of the risk response procedure.

The below figure the percentage of the response strategy.

4.6.1 Risk Response Strategy

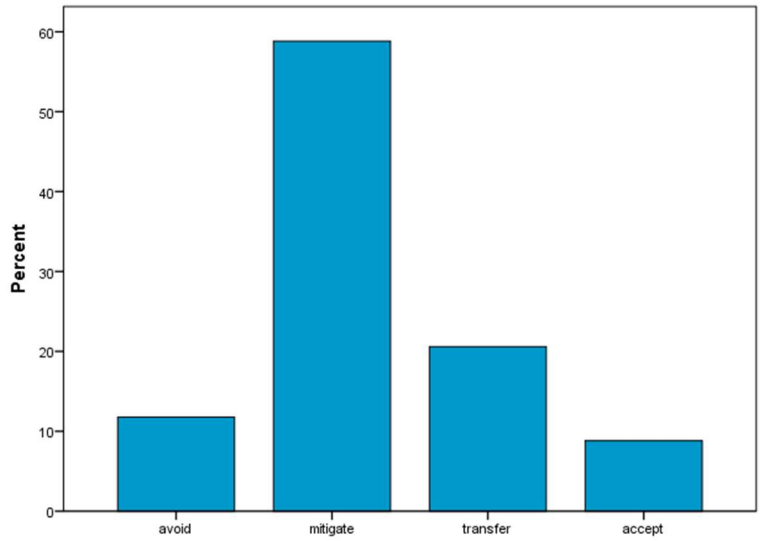

Figure 4.6.1: Percentage of the response strategy

Source: (own survey, 2024)

The above figure shows the primary response strategy used in the project. Avoid this strategy involves Avoiding a danger and hoping it goes away is one method to handle it.11.8% of respondents selected the avoid method. Mitigating is an alternative for correction that will result in the implementation of a contingency strategy.it is a commonly used method, with a notable percentage (58.8%) indicating it is a widely used strategy. Giving a risk to its owner is known as transference. About 20.6% of respondents selected it.it is the most widely used method among respondents, with 88.2% indicating that they rely on this approach. Accept strategy selected 8.8%. Which is the least strategy that respondents choose. The interview responses also revealed that mitigation is widely used and transferring risk is also used in some cases responding to risks.

4.7 Risk Monitoring and Control

Question on risk monitoring and control	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Mean	SD
Risks are reviewed periodically	6(17.6%)	13(38.2%)	9(29.4%)	7(20.6%)	0	2.41	.957
Risk response are audited	8(23.5%)	14(41.2%)	8(23.5%)	4(11.8%)	0	2.23	.955
Risk monitoring and control is a continuous process in the project	3(8.8%)	19(55.9%)	7(20.6%)	4(11.8%)	1(2.9%)	2.44	.927
Information available or	0	5(14.7%)	13(23.5%)	8(23.5%)	8(23.5%)	3.52	1.02

the history of the risk used to supplement to control risk							
Total mean and SD						2.65	0.96

Table 4.7: Risk monitor and control

Source: (own survey, 2024)

Risks are risks are reviewed periodically which is the first question for risk monitoring and control. Continuous monitoring of project risks is crucial to maintain awareness of the current risk exposure and to make informed decisions (PMI, 2017). The data shows that 17.6%, 38.2%, 29.4%, and 20.6% from strongly disagree to agree. With a mean score of 2.41, this indicates a general tendency towards disagreement which is a low mean scale. With a moderate standard deviation of .957. Which indicates somewhat variation in responses.

The second question is if risk responses are audited. Auditing risk responses is essential to evaluate their effectiveness and make adjustments as necessary (Tummala & Schoenherr, 2011). The mean value is 2.23, which is a low mean with 23.5% strongly disagreeing, 41.2% disagreeing which means more than half of respondents disagreed with the topic, and 23.5% selected neutral. The standard deviation is 0.955 suggests a little variation in experiences among respondents.

The third question is whether risk monitoring and control is a continuous process in the project. According to PMI (2017), effective risk management involves continuous monitoring and control throughout the project lifecycle. The mean score of 2.44 indicates that moderate level. 8.8% strongly disagree, 55.9% disagree, 20.6% neutral, 11.8% agree, 2.9% strongly disagree. The majority of the respondents disagree that risk monitoring and control is a continuous process in the project. The low standard deviation of 0.927 suggests a low variation experience among respondents regarding the continuous process of risk monitoring and control.

The information available or the history of the risk used to supplement to control risk gets a high mean score of 3.55 as stated (Hadiyanto, 2012) and this indicates strong agreement among respondents that information available and history used to support risk control. Utilizing historical information and data to supplement risk controls is a recommended practice to enhance risk management effectiveness (PMI, 2017). The standard deviation of 1.02 indicates moderate variation in responses, as a whole, respondents (23.5%) agree or strongly agree with this statement, showing a positive perception of risk documentation practices. But 38.2% of respondents choose neutral, in some cases, choosing neutral might indicate a moderate, where respondents agree with some parts of the statement but not others.

The total mean for all risk monitoring and control questions is 2.65 with a standard deviation of 0.96. This suggests a generally moderate level of agreement with the effectiveness of risk monitoring and control practices. However, there are indicated areas that require further attention and improvement.

4.7.1 Frequency of Preparing a General Overview of the Current Risk Situation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yearly	19	55.9	55.9	55.9
	half-yearly	8	23.5	23.5	79.4
	quarterly	7	20.6	20.6	100.0
	Total	34	100.0	100.0	

Table 4.7.1: Frequency of preparing general overview

Source: (own survey, 2024)

The table provides how often the organizations prepare a general overview of their current risk situation, based on responses more than half (55.9%) of the NGOs prepare a general overview of the current risk situation annually. This indicates a trend towards less frequent, but perhaps more comprehensive, risk assessments. Annual reviews may be favored for their thoroughness, allowing for a detailed analysis of risk factors and their impacts over a longer period. However, this could also mean that the organizations might miss identifying and mitigating risks that develop or escalate more rapidly.

23.5% of NGOs perform this task biannually. This frequency suggests a balance between thoroughness and timeliness, enabling organizations to update their risk assessments in response to changing conditions without the resource intensity of quarterly reviews.

20.6% of NGOs conduct quarterly reviews. This high frequency of assessment is likely used by organizations operating in highly dynamic or volatile environments where risks can change rapidly. Quarterly reviews allow these NGOs to remain agile, promptly responding to new risks and adjusting their strategies accordingly. This approach, while resource-intensive, can significantly mitigate the impact of unforeseen events.

Overall practices in risk overview preparation among TaYa and Cuso International. While the majority conduct annual reviews, a significant portion also engages in more frequent assessments. These practices likely reflect organizational priorities, resource availability, and the specific risks inherent to their operational contexts.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides a summary of findings that was covered in the data analysis (outlined in Chapter Four). The conclusions and recommendations aligned with the findings. Additionally, suggestions for future investigations are provided.

5.1 Summary of Findings

Recall that the primary goal of the study was to assess the risk management practice used by the chosen NGOs in Addis Ababa, Ethiopia. The main research findings that have previously been addressed are outlined in this part in the following manner in accordance with the objective of the study.

The study's first specified objective was to examine the utilization of project risk management practices. To address the research objective, the survey evaluated the respondents' perceptions of their overall or general risk management practice.

- According to the data analysis result both organizations, TaYA and Cuso International, prioritize risk management considerations during the early phases of their projects. However, risk is not identified at every stage of the project's life cycle. Regarding the existence of policies or guidelines directing how to manage unexpected uncertainties the mean score, suggests that there is a structured risk management approach.
- The interview and the questionnaire revealed that training and development for project team members on risk management, and formal training programs for the broader project team have not been prioritized, potentially relying heavily on project managers' existing expertise. The presence of a document recording past project risks for future learning is well-established.
- Most uncertainties are managed by project managers, as the majority of respondents result. Responsibility to the project manager, followed by all team members, the RM team, and consultants. Over the past five years, the level of risk faced by organizations has increased. The increased level of risk by various factors such as security issues, economic

fluctuations, natural disasters such as floods in certain areas, inflation, rising exchange rates, and political instability.

The second specific objective was to appraise risk planning practices. To achieve this, three questions were posed, and the findings are outlined below. While planning a risk all critical and technical stakeholders are in both organizations. And also the roles and responsibilities of stakeholders in risk management are not well defined by looking at the Likert scale and the mean. The respondents mostly agreed that the risk management plan is included during project planning.

The third objective was to assess risk identification practices. In this context, the study revealed the following key findings: risk is not identified at every stage of the project's life cycle. While there may not always be team participation in risk identification, key project team members, such as the project manager, are always involved. There is documentation of identified risk and their characteristics.

In the context of risk identification, the researcher also seeks to pinpoint the particular kinds of risk that non-governmental organizations face. The specific types of risk faced by NGOs such as financial risk, external risk, legal risk, volunteer risk, grant risk, and operational risk are commonly encountered risks. Management risk moderate concern .reputation risk appears to be less common in comparison to other risk types within the NGO sector. Expert judgment is the least method used to identify risks. Checklists, information gathering, brainstorming, assumption analysis, document review, and SWOT analysis are widely used methods to identify risk.

To evaluate how identified risks are analyzed was the fourth objective. Regarding this, the study presented the following major findings. Risks are analyzed by prioritizing the risk based on probability and impact, but often numerical analysis is not employed. There is inconsistent practice when it comes to updating project documentation after risk analysis. Ranking the importance of risk based on experience, Qualitative assessment based on historical data Quantitative assessment are widely used techniques in the organization. Subjective probability assessment based on expert judgment, is not frequently used.

The fifth objective was to identify the practice of risk response strategy. According to the result of the data analysis, the following findings are revealed. Actions and options are developed to enhance opportunities and to reduce threats to project objectives for most projects. The organization has not developed strategies to prevent or mitigate all the identified risks according to the response. While responding to risk factors are considered. Mitigation is the widely used strategy, transfer is also sometimes used.

The last specific objective was to assess the practice of risk monitoring and controlling. The study found that the organization does not review risks periodically. The response to the risk is also not audited. Risk monitoring and control is not conducted continuously throughout the project. Information available or the history of the risk used to supplement to control risk in both organizations. Both organizations mostly prepare a general overview of their current risk situation annually.

5.2 Conclusion

This research aimed to assess the risk management practice in Cuso International and TaYA NGOS in Addis Ababa. Based on the research objectives and data analysis, the below conclusions are drawn regarding the utilization of project risk management.

Both TaYA and Cuso International prioritize risk management considerations during the early phases of their projects. However, there is a gap in consistently identifying risks throughout the project's life cycle.The presence of structured risk management approaches is indicated by the mean score regarding the existence of policies or guidelines directing how to manage unexpected uncertainties. Risk management development and training for project team members has not received priority. While both organizations recognize risk management as a continuous process, there is room for improvement in implementing this approach consistently throughout projects.

There is documentation of identified risks and their characteristics, but the roles and responsibilities of stakeholders in risk management are not well-defined. Key project team members are involved in risk management activities, but there may be inconsistencies in team participation during risk identification.

NGOs commonly encounter various types of risks, including financial, external, legal, volunteer-related, grant-related, and operational risks. Management risk is of moderate concern, while reputation risk appears to be less common. While expert judgment is the least used method for identifying risks, techniques such as checklists, information gathering, brainstorming, assumption analysis, document review, and SWOT analysis are widely employed.

Risks are primarily analyzed based on prioritizing them according to probability and impact, with inconsistent use of numerical analysis. Strategies to prevent or mitigate all identified risks are not developed comprehensively, although actions and options are developed to enhance opportunities and reduce threats to project objectives. Mitigation is the most widely used strategy, with transfer being utilized occasionally.

Risks are not reviewed periodically, and risk monitoring and control are not conducted continuously throughout projects. The response to risks is also not audited. Both organizations typically prepare a general overview of their current risk situation annually.

In summary, while both NGOs demonstrate some strengths in prioritizing risk management and employing certain risk management practices, there are notable areas for improvement, including consistent risk identification, stakeholder involvement, training and development, continuous risk management, and periodic risk review. Addressing these areas could enhance the effectiveness of project risk management practices within the organizations.

5.3 Recommendation

Based on the finding and conclusion, the following recommendations are made.

- Encouraging all project team members and staff to participate in risk management training programs is crucial. These programs should focus on enhancing the team with the necessary skills and knowledge to identify, analyze, and mitigate risks effectively. Provide training sessions specifically focused on the roles and responsibilities in risk management. By defining roles clearly, ensuring consistent participation, and engaging all stakeholders

effectively, TaYA and Cuso International can improve their risk management processes and address any inconsistencies in team involvement during risk identification.

- Both TaYA and Cuso International should establish procedures to ensure that risk identification is a continuous process throughout the entire project life cycle. To identify emerging risks, frequent risk assessment meetings and updates must be planned at different project milestones.
- Establish protocols to ensure consistent participation of all relevant team members in risk identification and management activities. Arrange regular risk management meetings and workshops where relevant stakeholders are invited to share their knowledge and perspectives.
- While both organizations have structured risk management policies and guidelines, it is crucial to ensure these policies are consistently applied. It is recommended to carry out regular audits and reviews to confirm and adhere to these principles and identify opportunities for improvement.
- Promote a culture where risk management is viewed by project managers as an ongoing, continuous, and crucial element.
- Encourage the identification of risks by the use of expert judgment. Arrange regular meetings with experts from both inside and outside the company to use their knowledge and experience in identifying and evaluating potential risks. This may enhance existing methods and provide a more comprehensive risk assessment.
- Keep using a variety of risk identification strategies, including document review, assumption analysis, brainstorming, checklists, information collection, and SWOT analysis. Ensure that these methods are implemented consistently in each project so that a variety of potential risks may be identified.
- Make the use of quantitative and qualitative risk analysis methods consistent. To give a more thorough assessment of risks, make sure that probability and impact evaluations are often used along with numerical analytic techniques.
- To guarantee that risks are continually monitored and managed throughout the project lifecycle, set up a timetable for regular risk reviews. Adopt a continuous approach to risk monitoring and control. Implement regular audits of the risk management process to ensure compliance and effectiveness. These audits should evaluate how well risks are being

identified, analyzed, mitigated, and monitored. Use audit findings to improve risk management practices continuously.

- While preparing an annual overview of the current risk situation is useful, it should be supplemented with more frequent and detailed risk reports. This will make risk management more responsive and dynamic, allowing the business to react to changes more quickly.

Both TaYA and Cuso International may improve their risk management procedures by putting these suggestions into practice, guaranteeing a stronger and more efficient method of managing risks throughout the life cycles of their projects.

5.4 Limitation of the study

1. Due to limitation of time, interviews are employed only for senior managers, but if they are used for all staff, they are more reliable and informative.
2. Another constraint was that obtaining information was extremely difficult because all respondents had a tight schedule for the projects.
3. Because some project managers and personnel were working in the field, it was challenging to obtain all of the respondents' responses and perspectives.
4. The study was limited to two NGOs in A.A., as the scope of the study.

5.5 Suggestion for Future Research

The researcher recommends further research to include other project management knowledge areas in nonprofit organizations. It is also suggested to investigate other local and international NGOs in the region. Additionally, further research is recommended on the views and perceptions of other stakeholders, such as donors, beneficiaries, volunteers, government agencies, and partner organizations, because of the significant role they undertake in the sector. Moreover, the specific types of risks faced by non-profit organizations and their effects are another recommended focus area for future studies. In further future research, a study on risk management for safety and security should be carried out.

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ANNEX I

Addis Ababa University

School of commerce

Master of Arts (MA) in Project Management

Dear Participant,

Thank you for agreeing to participate in this research study. Your input is invaluable in helping us gain insights into the risk management practices within NGOs in Ethiopia, specifically in Addis Ababa. Your responses will be treated with confidentiality and will only be used for academic purposes. The data and opinions gathered will be used for partial fulfillment of the requirement for Degree of Masters of Arts in project management at Addis Ababa University, College of Business and Economics, School of Commerce. Your faithful and quick response will make the research fruitful. The information you provide will be kept confidential. Thank you in advance for your collaboration. If you have problems completing this form, please do not hesitate to contact the following address.

- Phone number: 0941901612
  0913 090852
- Email addresses: fanosgirma92@gmail.com , fevenmesfin123@gmail.com

Please take a moment to answer the following questions to the best of your ability. Your honest and thoughtful responses will contribute significantly to the success of this study.

Instruction

Kindly indicate the extent to which the following project risk management practices and strategies are applicable in your project(s) on a 5-point scale where, 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree. And Mark with a tick (√) against the most applicable response.

Part I

General information about the respondent

1. Gender; Male ☐ Female ☐

2. Age;

21– 30Years ☐ 31 – 40Years ☐ 41-50Years above 50 Years ☐

3. Level of education;

Diploma ☐ Masters ☐

First Degree ☐ PHD ☐

Other, please specify_____

4. Work experience in projects;

Below 1 year ☐ 1-2 years ☐

3-5 years ☐ more than 5 year ☐

Part II: Project Risk Management Process

A. Questions on general Project Risk Management Practice Risk planning

No	Items	1	2	3	4	5
1	Risk management is considered in early phase of the project					
2	There is a policy or guideline that directs how to manage unexpected uncertainties					
3	Project team members are getting active training and development about project risk management					
4	Risk management is treated as a continuous process in the project.					
5.	There is a document that registers past project risks to learn for future projects.					

6. Who has primary risk management responsibility?

The project manager ☐ A specialized risk management team ☐

The client ☐ All teams participating in the project ☐

The consultant ☐

7. In the last five years the level of risk faced by the company

Increased ☐ decreased ☐

Not changed ☐ not sure ☐

B. Questions on Risk Planning

No	Items	1	2	3	4	5
8	Relevant stakeholders are involved in risk management plan and made an agreement					
9	The roles and responsibilities of various stakeholders participating in risk management are clearly defined					
10	Risk management plan is included during project planning					

C. Questions on Risk Identification

No	Items	1	2	3	4	5
11	Risks are identified throughout the project lifecycle					
12	Project team members are involved in risk identification process.					
13	There is a documentation of identified risk and their characteristics					

Types of risk

No	Specific types of risk faced by NGOs	1	2	3	4	5
14	**Management risk** (the overall management of an organization, including strategic decision-making, leadership effectiveness, and governance processes.)					
15	**Legal risk (**changes in laws, regulations, or political disputes)					
16	**Financial risk**					
17	**External risk(**physical damages, natural					

	disasters, and human-made disasters)					
18	**Operational risk(**internal processes, systems, and technology within an organization)					
19	**Reputation risk(** events that could harm the image of a nonprofit organization)					
20	**Grant risk(g**rant terms, funding availability, project performance, relationships with grantors, and financial management)					
21	**Volunteer's risk** (volunteer recruitment, training, supervision, performance, and legal liability)					

22. The following method is primarily used to identify risks within the project:

Expert Judgment ☐ Assumption analysis ☐

Checklists ☐ Document Review ☐

Information gathering ☐ SWOT Analysis ☐

Brainstorming ☐ Other, please specify _____

D. Questions on Risk Analysis (Qualitative and Quantitative Analysis)

No	Items	1	2	3	4	5
26	Risks are prioritized based					

	on their probability of occurrence and impact					
27	Identified risks are numerically analyzed on the overall objectives of the project					
28	Project documents are updated after risks are analyzed					

29. Which of the following techniques are used to assess the probability of risk occurrence in the project?

Quantitative assessments ☐

Subjective probability assessments based on expert judgment ☐

Ranking the importance of risks based on past experience ☐

Qualitative assessment based on historical data ☐

Other, please specify _____

E. Questions on Risk Response

No	Items	1	2	3	4	5
30	Actions and options are developed to enhance opportunities and to reduce threats to project objectives					
31	Strategies are developed to prevent or mitigate all the identified					

	risks.					
32	Factors such as budget, schedule and resources are considered while responding to risk.					

33. Risk response strategy that was primarily used in the project:

Avoid ☐ Transfer ☐

Mitigate ☐ Accept ☐

Other, please specify _____

F. Questions on Risk Monitoring and Control

No	Items	1	2	3	4	5
34	Risks are reviewed periodically					
35	Risk response are audited					
36	Risk monitoring and control is a continuous process in the project					
37	Information available or the history of the project is used to supplement to control risk					

38. How often do you prepare general overview of the current risk situation?

Yearly ☐ Half-yearly ☐ Quarterly ☐

Monthly ☐ Other, please specify _____

INTERVIEW GUIDE FOR THE SENIOR MANAGERS

1. Can you please tell me about risk management system in the project? Is there a standard risk management process, which is being followed with in the projects?
2. Is there a standardized or formal documented process on how to manage uncertainties within the project? What is the current practice of risk management within the project?
3. Do project teams get training on risk management? If yes, are team members within the Project aware on how to manage risk in a way that doesn‘t affect the objective or goal of the project?
4. Is planning done carefully on how to manage risk at your project? If yes, how do you plan and who is involved in planning process?
5. Are risks with a probability of happening identified early at startup phase? And what methods are used to identify them?
6. Are risks analyzed to assess their probability of occurrence and level of impact?
7. While taking action or responding to uncertain events within the project what factors are kept in consideration? Are factors such as schedule, budget and objective of the project considered?
8. What challenges until now has the project faced due to unmanaged risk?
9. Is there a policy or guideline that recommends how to manage unexpected uncertainties. If yes, how it helps the project team on risk management?