

## **EFFECT OF FRAUD RISK MANAGEMENT ON ORGANIZATION PERFORMANCE: A CASE OF DEPOSIT-TAKING MICROFINANCE INSTITUTIONS IN KENYA**

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### **ABSTRACT**

Organizations have come to recognize the importance of managing all risks and their interactions, not just the familiar risks or the ones that are easy to quantify. However, the problem of today's managers in the financial institutions is competition and dynamism of environment and unknowns outside and inside of the organization each affecting the planning especially strategic ones. In the process of making the operation and realization of the goals to be effective, organization are prone to risk leading to stagnant achievement of the targeted objective. This enhanced attention of the manager on the ways of controlling fraud risk within their organization in all level of the organization by formulating and implementing fraud risk management strategies. This study sought to investigate effect of fraud risk management on

organization performance with focus to deposit-taking micro finance institutions in Kenya. The study was guided by the following specific objectives, that is, anti-fraud policies, corporate governance practices, fraud detection mechanisms and systems of internal controls and their effect on performance of deposit-taking microfinance institutions in Kenya. The target population of this study was all deposit-taking microfinance institutions in Kenya. The study adopted stratified sampling with the sample been drawn from the senior management, middle management and lower management staff of the head office branches of the 8 deposit-taking microfinance institutions. The study used both primary data and secondary data. Secondary data accessed from the CBK (2012) report while a semi-structured questionnaire was used for collecting primary data from the respondents. Both qualitative and quantitative analysis was carried out.

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