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FINANCIAL RISK MANAGEMENT AND FINANCIAL PERFORMANCE OF RELIGIOUS HEALTH INSTITUTIONS IN MALAWI

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DECLARATION

I, the undersigned, declare that this thesis is my original work and that it has not been presented in any other university or institution for academic credit.

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DEDICATION

This thesis is dedicated to the memory of my late mother, Joyce.

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ACRONYMS AND ABBREVIATIONS

AI	:	Artificial Intelligence
CHAM	:	Christian Health Association of Malawi
COSO	:	Committee of Sponsoring Organizations of the Treadway Commission
CRM	:	Credit Risk Management
EUT	:	Expected Utility Theory
FRM	:	Financial Risk Management
FX	:	Foreign exchange
FXRM	:	Foreign Exchange Risk Management
HSSP III	:	Health Sector Strategic Plan III
IMF	:	International Monetary Fund
LRM	:	Liquidity Risk Management
MoH	:	Ministry of Health
NFP(s)	:	Not-for-profit Organisation(s)
ORR	:	Operating Reserve Ratio
ORM	:	Operational Risk Management
PFP	:	Private For-Profit Organisations (s)
RDT	:	Resource Dependence Theory
RHIM	:	Religious Health Institution(s) in Malawi
SDG(s)	:	Strategic Development Goal(s)
SME(s)	:	Small and Medium Enterprise(s)
ST	:	Stakeholder Theory
WEF	:	World Economic Forum

OPERATIONAL DEFINITION OF TERMS

Credit risk management: This is the process of identifying, assessing, and controlling potential financial losses which may result from the inability of a borrower to repay their debt (Afriyie et al., 2018).

Financial performance: This is the measure of an organisation's financial health over any given period of time (Kenton, 2024a). For example, in a for-profit organisation financial performance can be measured by such ratios as return on assets or return on equity, whereas in a not-for-profit organisation financial performance may be measured by operating reserve ratio (Foley, 2022).

Financial Risk: Financial risk is the potential of an organisation to incur financial loss due to a variety of factors such as illiquidity, non-performing loans, foreign exchange rate volatility (Hayes, 2024).

Financial Risk Management: This is an approach to the management of financial risk in an organisation that is deliberately systematic, integrated, and disciplined so as to achieve the organisational objective of maximizing and creating value for the organisation's stakeholders (Korol & Poltorak, 2018).

Foreign exchange risk management: This is the process of identifying, assessing, and controlling potential financial losses which may result from an

impact emanating from fluctuations in currency rates (Nzioka & Maseki, 2017).

Liquidity risk management: This is the process of identifying, assessing, and controlling potential financial losses which may result from the inability of an organisation to secure funds within a required period to meet its immediate financial obligations (Scannella, 2016).

Operational risk management: This is the process of identifying, assessing, and controlling potential financial losses which may result from inadequate or failed internal processes, people and systems, or an organisation's exposure to external events including legal risks (Cristea, 2021).

Religious Health Institutions in Malawi: In the context of this paper, the term Religious Health Institutions has been used as an umbrella term to refer to faith-based health institutions in Malawi which operate under the Christian Health Association of Malawi (CHAM).

Risk: An adverse event whose occurrence is probable and its effects have a potential to result in a loss for a given organization which has been exposed to such an event (Mashrur et al., 2020).

ABSTRACT

The purpose of this study was to assess the influence of Financial Risk Management practices on financial performance of religious health institutions in Malawi. The specific objectives for this study were: to assess the influence of liquidity risk management, credit risk management, foreign exchange risk management, and operational risk management, on the financial performance of religious health institutions in Malawi. The study was guided by the Agency, Stakeholder, Resource Dependence, and Expected Utility theories. The study adopted a descriptive research design while utilizing quantitative data. A census survey was carried on 23 Malawian hospitals under the Christian Health Association of Malawi. Primary and secondary data was collected using questionnaires and record survey sheets respectively. The collected data was analysed using descriptive statistics and regression analysis. Multiple regression analyses were applied to the data to determine the influence of the various aspects of FRM practices on the financial performance of Religious Health Institutions in Malawi. These were then presented in graphs, tables and pie charts. The results from the study showed that there was a positive and significant relationship between all the independent variables (liquidity risk management, credit risk management, foreign exchange risk management, and operational risk management) and the dependent variable (financial performance). All the null hypotheses in this study were rejected. The overall model was tested using the F-test at 5 % significance level. The results of analysis revealed higher inter-correlation between the independent variables and the overall model showed that there was significant correlation between FRM practices and financial performance (p-value $0.049<0.05$). The study makes the following recommendations: Religious Health Institutions in Malawi should fully embrace FRM practices; CHAM should put in place policies which would steer the religious health institutions to fully embrace FRM practices; and, individual institutions should set aside resources for the better implementation of FRM policies set up by CHAM. The importance of this study is that its findings provide policy makers in religious health institutions in Malawi with an insight into the value of a full and robust adoption of FRM practices in that full adoption of FRM practices enhances organisational performance.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The role that health institutions play in the development of any given nation cannot be overemphasized. In most African countries, just as in most developing nations, there is a challenge in effective health management (Omolloh et al., 2023). This is partly because of the lack of human and financial resources, poor distribution of the said resources when available, and a demotivated workforce, among other factors (Makwero, 2018). And since all organisations have strategic, financial, or even operational objectives to achieve, anything that hinders the realization of these objectives is considered a risk (Gachanja, 2017). Any failure to mitigate risk factors that hinder an organisation to achieve its objectives may render it prone to poor performance. As such, it is essential for any organisation which is a going concern to achieve a certain level of performance. Therefore, there must be a formal and deliberate effort on the part of an organisation to ensure that it takes time to evaluate the activities that it carries out in a particular period to ensure that they are both efficient and effective as far as the achievement of organisational goals and objectives are concerned (Alisyah & Susilowati, 2022). This measure of an organisation's performance will go a long way to ensuring that an organisation's mission is strategically enshrined in the measure of how its current activities helps it to achieve its goals and objectives.

As already alluded to in the foregoing discussion, a health organisation cannot achieve a desired level of performance if it is faced with a lack of human, material and financial resources, their

poor distribution and management, and many other risks. These risks, if not managed properly, pose a danger in a continued deterioration of the effectiveness and efficiency of health management in the developing countries, and more so in Sub-Saharan Africa. However, out of all these risks, the financial risk contains the most information in as far as the future attainment of organisational objectives and goals is concerned (Syed & Bawazir, 2021). This is because out of all the resources available to an organisation, financial resources are like the oil which smoothly drives all the other resources, leading to the fact that, to efficiently and effectively manage financial risks is to efficiently and effectively manage the cog that holds all other resources of an organisation in place.

In this case then, management of financial risks forms an essential, and strategically important part of managing any given organisation. Managing financial risk helps in protecting an organisation's long term value while ensuring its long term stability and growth (Alawattegama, 2018). In this light, therefore, Financial Risk Management (FRM), is defined as a process which aims at dealing with uncertainties arising from financing activities (Svetlova & Thielmann, 2020). It involves identification of financial risks and assessing their inherent and residual impact on the organisation, while developing management strategies consistent with internal priorities and policies, which will help mitigate the effects of the potential risks on the organisation (Syed & Bawazir, 2021).

FRM has been on the rise as one of the fastest growing service industries since the beginning of the twenty-first century (Korol & Poltorak, 2018). This has been the case partly because effective and efficient FRM has been a source of success for many organisations, enabling them to achieve their organisational goals and objectives with less fuss while at the same time gaining a

competitive advantage over their market peers (Akomea-Frimpong et al., 2021). One would be tempted to think that since the classic portfolio theory tells us that investors can eliminate some asset or project-specific risk through holdings diversification, then there would be no need for having in place risk management protocols in an organisation. Indeed, the Modigliani-Miller theory does tell us that the value of an organisation is independent of its risk structure meaning that organisations should easily maximize their profits or surpluses without considering the organisation's risk structure. However, the strict conditions for the Modigliani-Miller theorem are usually not met or violated through issues such as taxes and costs such as compensation costs for managers which will be reduced significantly if an organisation decided to engage in finance risk management protocols (Villamil, 2018). Hence it is no wonder that most studies have shown a positive relation between FRM practices and firms' financial performance.

Globally, for example, and in Europe specifically, a study by Kozol and Oran (2021), conducted to determine the effects of hedging on firm performance, found that firms which were involved in cross-border mergers and acquisitions had higher cumulative abnormal returns than those firms which did not utilize such programs at the time of announcing the mergers or acquisitions. Thus, the performance of firms engaged in cross-border mergers and acquisitions improved significantly in relation to the adoption of foreign currency derivatives use when engaged in cross-border deals.

In Saudi Arabia, in a study carried out by Hacini et al. (2021) to investigate the impact of liquidity risk management on the financial performance of Saudi Arabian banks, the researchers found that liquidity risk had a significantly negative impact on the performance of Saudi Arabian

banks, and hence the need for proper financial risk management practices to mitigate the liquidity risk thereby enhancing the financial performance of the banks.

And here in Africa, in a study by Masli and Azam (2022) in which they investigated the relationship between liquidity risk management and the financial performance of deposit money banks in Libya, found that liquidity risk management has a significantly positive relationship with the banks' financial performance. Similarly, a study by Githinji (2016) which aimed at examining the effects of financial risk management on the financial performance of commercial banks in Kenya, also found a positive correlation between financial risk management and the financial performance of the Kenyan commercial banks.

In Malawi, however, studies examining the relationship between financial risk management and financial performance are not widespread (at least in digital space repositories). However, there have been a few studies done related to either risk management or organisational performance in general. These include the one by Nanthuru et al. (2018), who assessed the understanding of risk management practices in small and medium enterprise (SME) taxpayers, and how this related to their financial performance and tax compliance. They found that there existed a positive and significant relationship between the understanding of risk, risk management practices, financial performance and tax compliance. Chimkono et al. (2016) too, conducted a study which investigated the impact of non-performing loans and other factors on the performance of commercial banks and found that these factors had a significant effect on the performance of commercial banks in Malawi. Another study is by Kaimila (2023) who investigated the impact of governance on performance of non-profit hospitals in Malawi, found that there was significant relationship between board governance and performance of CHAM hospitals. While the first

two studies tackled the relationship between risk management practices and financial performance, they did not deal with financial risk management in non-profit institutions in particular. And the latter study, while it investigated performance of NFP hospitals, it did not specifically deal with finance as a measure of performance.

1.1.1 Financial Risk Management Practices

Svetlova and Thielmann (2020) note that there are three main sources of financial risks, namely risks that emanate from a firm's exposure to changes in market prices such as interest and FX rates; risks arising from the actions of organisations or when they have transactions with other stakeholders such as suppliers and customers; and risks which are a result of internal actions or failures of the organisation specifically people, processes and systems. Consequently, the financial risk taxonomy incorporates the following risks: credit risk, market risk, liquidity risk, operational risk, interest rate risk, FX risk, sovereign or country risk, funding risk and other such risks (Popova et al., 2021). This taxonomy is not comprehensive, but rather artificial (Christoffersen, 2012) since there could be more other risks that can be added to the list or even some of these combined to form one risk. Since this study pertains to religious health institutions which are in principle not-for-profit (NFP) and non-financial institutions, some of these risks will not directly apply to them. Therefore, only four financial risks that can be deemed to have direct relevance to NFPs will be used in this study namely, liquidity risk, credit risk, foreign currency risk, and operational risk (Cometto, 2022).

Kenton and Smith (2025) define liquidity risk as the potential that an organization will not be able to secure funds within a required period to meet its financial obligations. To meet their financial obligations religious health institutions must have consistent cash flows from donations,

grants, and gains from services rendered or assets disposed. To this end, liquidity risk is divided into two, that is, funding liquidity risk, and asset (market) liquidity risk, where funding liquidity risk is understood as the potential that over a certain time an institution will not be able to obtain necessary funds to settle its obligations with immediacy; and asset liquidity risk is understood as the potential that an institution will not be able to convert its assets into cash to meet its financial obligations with immediacy (Widarjono et al., 2022). This may take place when for example, donors withdraw from funding an organisation's programs such as was the case when the United States Agency for International Development (USAID) withdrew its funding for countries such as Malawi (Gausi, 2025), or when an organisation is unable to make required gains from its services or the sale of its assets due to the prevailing market conditions. It is imperative, therefore, that the religious health institutions devise funding risk management practices in order to be able to identify in time, assess the impact of, and find control measures for these financial risks if the institution is to effectively and efficiently achieve its organisational goals and objectives. Liquidity risk can be measured using liquidity ratios, namely cash ratio (cash and cash equivalents/current liabilities) and current ratio (current assets/current liabilities).

Credit risk arises with the potential that a borrower or a counterparty is unable to meet their financial obligations on agreed terms (Zamore et al., 2018). And in the case of religious health institutions this may take place when a client (for example, a patient) is unable to meet their immediate financial obligation to the institution after being rendered service because of their prevailing economic conditions (Belz, 2022). It can also happen with other debtors, such as the government, fail to pay the RHIM what it owes them through, for example, subsidy programs (Salangwa et al., 2025). In the case of Malawi, this is exacerbated due to the fact that a majority of RHIM work in the rural areas of Malawi (Kaimila, 2023). And this should be expected in the

context of Malawi since, even when most of the costs of treatment in religious health institutions are subsidized through government funding some people will still fail to pay for the services due to extreme poverty (Msokwa, 2021). Furthermore, credit risk may also take place in religious health institutions if one or more individuals or counterparties do not meet their financial obligations towards a religious health institution after acquiring the institutions' assets on credit.

Foreign exchange (currency) risk is defined as the potential of an institution to be exposed to losses due to an impact emanating from fluctuations in currency rates (Nzioka & Maseki, 2017). At a basic level, foreign exchange risks fall into three categories, namely translation risk, which usually affects the financial statements (balance sheet); transaction risk, which takes place if an organisation purchases a product from another country (for example, medication and medical equipment) and economic risk. In recent years the economic conditions in Malawi have been dire to the extent that they have led to FX shortages which in turn have impacted on the way different sectors, including the health sector, have conducted their businesses (Kabango, 2025). These shortages of FX have led to the thriving of the FX black markets where a dollar can sell up to 3000 Malawi Kwacha with the official selling price at around 1800 Malawi Kwacha (Malimba, 2024). So, for religious health institutions in Malawi FX risk extends even to the availability of FX reserves in the country. FX risk can be measured through value at risk (VaR) method (Mrkvička et al., 2023) and mitigated through hedging, through, for example, FX derivatives .

The (Reserve Bank of Malawi, 2024) defines operational risk as the potential for an organisation to be exposed to losses which are a result of deficient or failed internal processes, people and systems, or an organisation's exposure to external events including legal risks. This definition, according to the Reserve Bank of Malawi (RBM), excludes strategic and reputational risk, but

incorporates such risks as human errors, fraud, information systems failures, and accidents (Hudáková et al., 2023). Even when these risks may not seem to be financial in nature, yet an examination into their effects will clearly show that they do actually affect the financial position of an organisation through, for example legal payments through negligence, fraud, or any other human error, transaction error, and external factors such as fire and theft. Hence the need for each and every organisation to find strategies for mitigating operational risks.

Just as in all other organisations, religious health institutions are not exempt or immune from financial risks and as such they must develop proper and comprehensive strategies for managing the financial risks that they can be exposed to. Essentially, any form of risk management revolves around four major processes: the identification and prioritization of major financial risks; assessing the appropriate level to which an organisation can tolerate particular risks; implementing control strategies in accordance with organisational policies; and reporting and monitoring the risks (Osei-Kyei et al., 2022). As concerns risk control strategies, there are also four which are mainly dependent on an organisation's risk appetite. They include risk aversion, risk acceptance, risk sharing and risk reduction (Nocco & Stulz, 2022). Thus, when these processes are incorporated into the treatment of the four financial risks which have already been identified and discussed in the foregoing paragraphs, we end up with four main financial risk management practices, namely liquidity risk management, credit risk management, foreign currency risk management, and operational risk management. It was these four financial risk management practices that this study sought to investigate on how much (or less) they influence the performance of religious health institutions in Malawi.

1.1.2 Financial Performance

The performance of an organisation can be measured mainly through two different means, namely financial and non-financial measures. And for most profit-making organisations where the shareholders are more interested either in the profits themselves per se, or the maximization of their shareholder wealth, the financial indicator is usually crucial. And because of this, there is easily consensus on what measures to use to assess an organisation's performance using different financial indicators such as return on assets (ROA), return on equity (ROE), and return on investment (ROI) which almost always involves profit. This, therefore, somehow presents a serious huddle in measuring the performance of NFPs since most of them pursue missions and outcomes that are not financial in nature, and therefore, difficult to measure (Tinkelman & Parsons, 2023) because they are either qualitative in nature (therefore, difficult to quantify) or they depend on the results of another result (Drucker, 2011). And yet, it is impossible to fully assess the performance of NFPs without considering the NFPs' financial health. Consequently, this study sought to measure the financial performance of religious health institutions in Malawi by using the operating reserve ratio (ORR) which is calculated by dividing unrestricted (board designated) reserve funds (or unrestricted net assets) by total annual expenses (Foley, 2022). Operating reserves are a part of the unrestricted net assets (The Nonprofit Operating Reserves Initiative Workgroup, 2008) that an organisation sets aside as a means of financial safety allowing it to continue with its operations during unexpected financial challenges (Cruse, 2024). The ORR is a valuable indicator of financial resilience and health pointing to the fact that an organisation can easily attain financial sustainability (Foley, 2022). The Nonprofit Operating Reserves Initiative Workgroup (2008) has suggested an above 25% rating as a positive indicator

of NFP financial health although NFPs are encouraged to determine their own health reserve ratios.

1.1.3 Religious Health Institutions in Malawi

The Malawian health institutions' structure is such that healthcare services are offered by the public, private for profit (PFP), and private not-for-profit (NFP) sectors. Of these sectors, the public sector has a lion's share with about 59%, while 4% of health care services is provided by the PFPs (Makwero, 2018), and NFPs provide the remaining 37% of the healthcare services (CHAM, 2023). The NFPs are largely represented by the Christian Health Association of Malawi (CHAM) which is an organisation of church-owned health facilities and training institutions owned by the Episcopal Conference of Malawi (ECM) and the Malawi Council of Churches (MCC) (CHAM, 2023). And since, to the best knowledge of this researcher, faith-based health institutions only encompass those institutions under CHAM, it suffices to say that for the purposes of this research, CHAM hospitals, CHAM health facilities, or CHAM health institutions will be used synonymously with Religious Health Institutions in Malawi (RHIM), which is an umbrella term for all not-for-profit faith-based health institutions operating in Malawi.

Although RHIM account for 37% of the total health providers, yet they provide their services to over 70% of the entire Malawian population. This is the case because most of RHIM facilities are found in rural places where the majority of Malawians (about 80% of the entire population) reside (Chansa & Pattnaik, 2018). This simply shows that the importance of RHIM cannot be underestimated in as far as healthcare provision is concerned in Malawi.

Healthcare service in Malawi is largely financed by external donor support with figures reaching around 61.6% of the total health care services funding (Kaimila, 2023). With this level of reliance on donor funding, it simply means that the health institutions which benefit from these donor funds (mainly the public and NFP-run facilities) not only have a duty of accountability to their donors, but also have a duty to ensure that the resources they receive are used in a sustainable manner. To this end, RHIM facilities which mostly rely on external funding, including foreign donations and the government of Malawi subsidies (Adhikari et al., 2019), have to ensure that all their management policies, including health financing, sustainability, and risk management policies, are robust enough to further help in achieving organisational goals. Hence, as a part of these management policies, the RHIM should develop a comprehensive capacity for anticipating and mitigating financial risks through putting in place robust FRM policies.

1.2 Statement of the Problem

Religious health institutions in Malawi face significant financial challenges considering how much they are exposed to economic constraints (African Development Bank, 2025), uncertain funding streams (Gausi, 2025), and increasing healthcare demands (Government of Malawi, 2022). Despite their important role of providing essential healthcare services to underserved populations, many of these institutions struggle to maintain financial stability while fulfilling their social mission. The volatile economic environment in Malawi, characterized by inflation fluctuations – for example, headline inflation increased from 28.1% in December 2024, to 28.5% in January 2025 (Reserve Bank of Malawi, 2025) –, currency depreciation, and limited domestic

resource mobilization (Government of Malawi, 2022), creates a complex risk landscape that threatens the financial performance of these healthcare providers.

While financial risk management practices and their influence on financial performance have been extensively studied in commercial for-profit settings, including in Malawi (see, for example, Chimkono et al. (2016) and Nanthuru et al. (2018)), the same cannot be said about nonprofits, specifically religious health institutions which are operating in resource-constrained environments such as Malawi. Furthermore, even when the studies have been done in for-profit organisations, there is a lack of consensus on the relationship that exists between FRM practices and financial performance. Consequently, the insufficiency of studies in NFPs and lack of consensus in for-profits, has created both contextual and empirical gaps in literature which necessitate further studies. This study, therefore, aimed to bridge that gap by investigating the influence which FRM practices have on financial performance of religious health institutions in Malawi.

1.3 Research Objectives

1.3.1 General Objective

The general objective of the study was to assess the influence of financial risk management practices on the financial performance of Religious Health Institutions in Malawi.

1.3.2 Specific Objectives:

i. To assess the influence of liquidity risk management on the performance of Religious Health Institutions in Malawi.
ii. To evaluate the influence of credit risk management on the performance of Religious Health Institutions in Malawi.

iii. To examine the influence of foreign exchange risk management on the performance of Religious Health Institutions in Malawi.

iv. To assess the influence of operational risk management on the performance of Religious Health Institutions in Malawi.

1.4 Research Hypotheses

The following research null hypotheses helped to examine the influence of financial risk management practices on the financial performance of religious health institutions in Malawi:

$H_{01:}$ Liquidity risk management has no statistically significant influence on financial performance of religious health institutions.

H_{02}: Credit risk management has no statistically significant influence on financial performance of religious health institutions.

H_{03}: Foreign exchange risk management has no statistically significant influence on financial performance of religious health institutions.

H_{04}: Operational risk management has no statistically significant influence on financial performance of religious health institutions.

1.5 Significance of the Study

The study is significant to various stakeholders. First, the RHIM will benefit from this study since the results of this study, namely that FRM practices have a positive and significant influence on financial performance, gives them an opportunity to adapt their organizational policies so that they incorporate FRM practices, or improve the existing policies so that they form an important and strategic part for running their organisations.

The study is also significant to CHAM in terms of policy making since the results of this study paint a picture that FRM is something that should be pursued and implemented further in all healthcare institutions operating under CHAM, including even the smaller health centres.

The study is also significant to the government of Malawi, since, as a partner with these institutions in matters of health through Memoranda of Understanding with CHAM, and further as the government caters for some of the expenses for the CHAM hospitals, it will be helped in mapping out policies that will help maintain the FRM practices in the entire health sector, perhaps even including government hospitals which have not yet embraced FRM.

1.6 Scope of the Study

This study was conducted to assess the influence of FRM practices on the performance of RHIM. Specifically, it aimed at assessing the influence of liquidity risk management, credit risk management, foreign exchange risk management, and operational risk management on the performance of religious health institution in Malawi.

The study covered 23 full hospitals under CHAM because they met the needs of this research in terms of their size and an assumed level of some implementation of FRM practices.

A census of all these hospitals was carried out where the financial managers were purposively chosen to respond to the study. Financial managers were chosen largely because they would in one way or other be involved with cases of FRM.

The study took place between August, 2024 and July, 2025 and considered the period between 2019 and 2025.

1.7 Limitations of the Study

This research was largely limited by the reluctance of some respondents to cooperate with the researcher especially in giving out the required responses in time. This limitation was ironed out by the researcher's persistent contact with the respondents which in the end helped in securing a 100% response rate. Furthermore, some institutions were extremely reluctant to release their financial statements or the required financial data from their financial statements. And since these were private institutions with no obligation to publicly release their financial information, the researcher took the initiative to assure the institutions, through their respondents, that the data was strictly for academic purposes and that it will be used with utmost discretion. These two approaches made it possible for the researcher to overcome the limitations which the study was faced with.

1.8 Conceptual Framework

A conceptual framework is a tool that connects abstract concepts which define a research and can be presented visually or graphically through a depiction of its major variables (Mugenda & Mugenda, 2019). And variables are defined as measurable characteristics that can assume eclectic values amongst particular units in a population (Greener & Martielli, 2018). Variables can either be dependent, that is a variable whose value depends on the value of another variable, or independent, that is, the variable that influences the value of another variable. The dependent variable for this study is financial performance of religious health institutions in Malawi which will be operationalized through the operating reserve ratio (ORR). And the independent variable is financial risk management which will be proxied by liquidity risk, credit risk, foreign exchange risk, and operational risk management practices. Liquidity risk management will be

operationalized by current and quick ratios; credit risk management will be operationalized by non-performing loan ratios; foreign exchange risk management will be operationalized by transaction risk and economic risk; and operational risk management will be operationalized by people risks managed, system risks managed, and external risks managed. The conceptual framework for this study was adopted from Githinji (2016) who used similar independent variables as in this study (with the exception of ORM), and a similar dependent variable with the difference in the measure of performance (he used ROA, while this study utilized ORR). The figure below is the visual presentation of the conceptual framework:

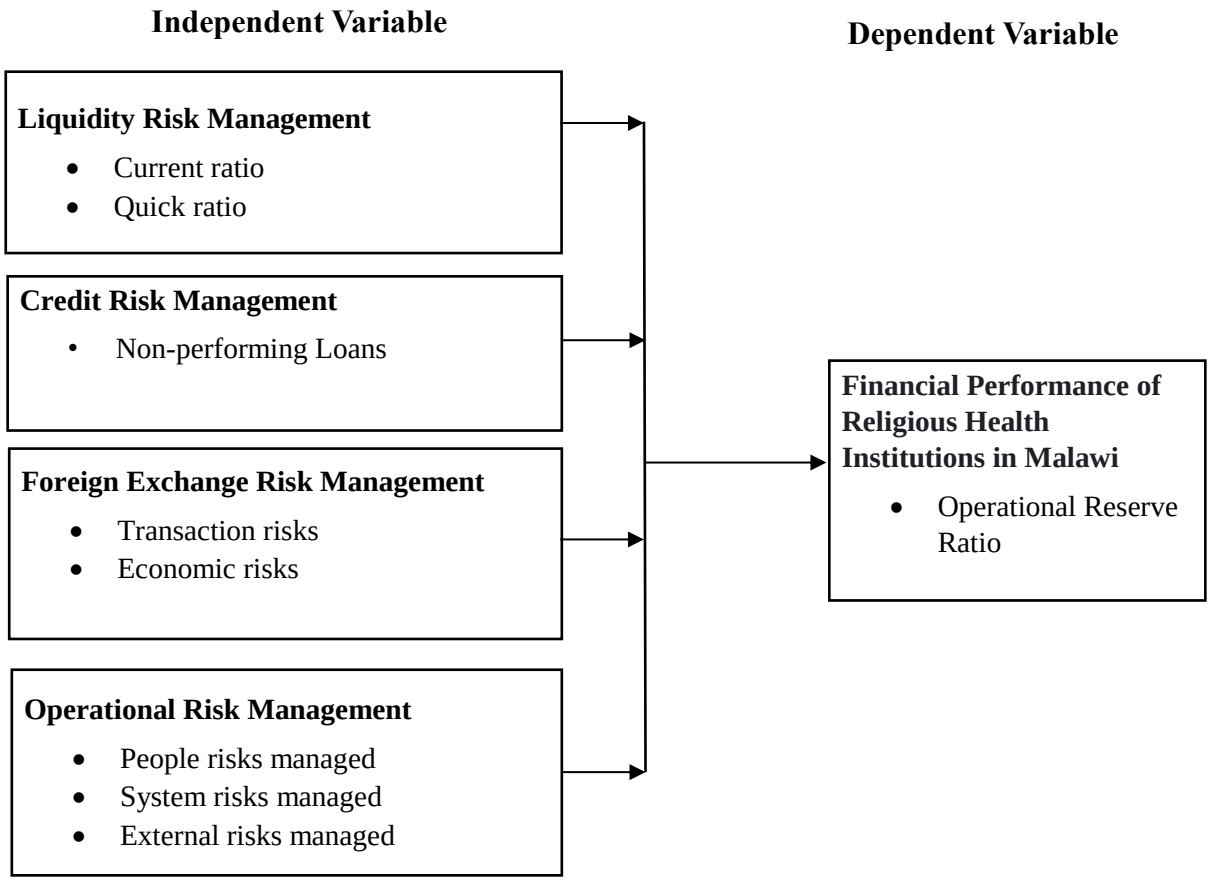


Figure 1.1: Conceptual Framework (Researcher, 2025)

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is a presentation of the review of literature. The chapter begins with a discussion on FRM theories, their justification for use in this study, and their limitations and how these limitations will be overcome while in use for this study. Thereafter, an empirical review of the literature on FRM practices and performance is outlined. The empirical review of literature culminates in the summary of the chapter and identification of the knowledge gap.

2.1 Review of Theories

This study will be anchored on a number of theories, namely agency theory, stakeholder theory, resource dependency theory, and expected utility theory.

2.1.1 Agency Theory

Agency theory is a concept in economics and management which describes a contractual relationship that exists between two parties in that one party (the principal) delegates some responsibility to another (an agent) to carry out some services on behalf of the principal. The carrying out of these delegated responsibilities involves decision making on the part of the agent (Jensen & Meckling, 1976). The theory has its origins in Adam Smith (1998) who discusses the ineffectiveness of the companies whose management was handed over to a non-owner agent (Zogning, 2017). Laher and Proffitt (2020) are among the most recent proponents of agency

theory as they used it to discuss the conflict which occurs when management attempts to balance the social mission of the organisation against the organization's need for financial efficiency.

In principle, agents are there to execute the desires of the principals, and as Jensen and Meckling note, this is not always the case. In this light, the agency theory is there to resolve two main problems that occur in agency relationships namely, problems that arise as a result of the conflicting goals between principal and agent, and problems arising when it is difficult for the principal to ascertain what the agent is doing (Ahola, 2023). And since, as a matter of theory, FRM practices are expected to offer security against the financial risks that can be estimated to cause some problems to an organisation in the future, it suffices to say that any principal would want to know how his agent is performing especially when it concerns buffering the organisation against risks which may affect the performance of that particular organisation. And, therefore, considering that most of the revenue in RHIM comes mainly from donations, the donor, being the principal, would want to see that their donations were utilized for their intended purposes (Bashiru et al., 2022). Thus, the management (agent) of any given RHIM will be expected to adopt FRM practices outlined through a particular risk management framework such as the COSO Framework or the ISO:31000. In sum, therefore, RHIM management as agents, are responsible for making financial risk management decisions on behalf of the principals, the donors. These decisions, will determine whether the organisation will perform better or worse relative to how the organisation dealt with its threats. And should a particular RHIM adopt FRM practices, it may be able to reap the fruits of FRM practices such as the enhancement of financial performance for that particular RHIM (Muslih, 2018). This theory was most utilized when evaluating both the FRM Practices and the financial performance of RHIM.

One of the shortcomings of the Agency theory is highlighted by Jensen and Meckling (1976) who note that the principal's goals or desires for an organisation can sometimes be in conflict with those of the agent. In other words, an agent may want to pursue goals which are not necessarily those of the principal. In order to deal with the principal-agent conflict Kleiman (n.d.) suggests five measures to the conflict namely, performance-based incentive plans, direct intervention by the principal into the activities of the firm, the threat of firing of the agent, and the threat of a takeover of the firm. These forms of coercion, Kleiman argues, will ensure that the agent considers the goals of the principal as his priority.

Another limitation of agency theory is that it has reductionist and deterministic assumptions about human behavior. For example, agency theory assumes that all individuals are self-interested and will behave opportunistically to when their own interests crash with those of their principals (Gwala & Mashau, 2023). Furthermore, agency theory is unsuited to the social life since it makes assumptions which only render the markets as untouched by social relations and only motivated by financial gains (Sjåfjell, 2025). In allowing the agent to only heed to the goals of the principal, the theory negates the fact that the agent is not a robot but a social being situated in a complex organisation with a diversity of relationships which will eventually affect how he makes some decisions. As a result, agency theory seems to propose an unrealistically one-sided contractual relationship which does not put into consideration issues such as the exploitation of the workers (Sjåfjell, 2025).

As a result of the shortcomings of the agency theory, the Stakeholder Theory was also used as a counterweight to the limitations of the Agency theory.

2.1.2 Stakeholder Theory

The second theory on which this study will be based is the stakeholder theory (ST). The Stakeholder theory was propounded by R. Edward Freeman (1984). The theory posits that organisations do not only exist sorely for the maximization of financial value for the shareholders, but that they also exist for the generation of value or benefit for all its stakeholders which includes groups and individuals who can be affected by the organization's activities such as the shareholders, employees, the clients, the government, civil societies, communities, and suppliers. Among the recent proponents of ST are Richter and Dow (2017) who have contributed to this theory by proposing a deliberative approach to the theory based on Juergen Habermas's language-pragmatic approach which emphasizes on dialogue, participation, and procedural justice. This theory was most utilized when assessing financial risks especially in determining how different risks will impact on the performance of the RHIM in line with the delivery of organizational goals.

As already alluded to in the foregoing discussion, ST posits that the economic model does not give a comprehensive view of the firm. In as much as most shareholders are interested in the maximization of their financial value, it goes without saying that organisations do not exist in a vacuum and as such any organisation will touch into the lives of all those who may be interested in or get affected by the activities of the organization (Dmytriyev et al., 2021).

One limitation of ST is that it unnecessarily complicates the work of the manager by bloating the number of stakeholders. In increasing the number of stakeholders, ST suggests that in order to determine the core values of the firm, for example, then there is need for a thorough consultation of all the stakeholders. But the question is: how can the process be carried out that can accommodate the views of all the stakeholders as if the stakeholder pool is homogenous? And

even if successful, then whatever comes out of this consultative process, will it hold true as representative of the vision of the shareholders? Thus, it would seem that ST puts unrealistic expectations on the managers (Goyal, 2020).

Another limitation of the ST is that it does not provide an adequate explanation of an organisation's relationship and its behaviour within its environment. Freeman in his postulations on the theory, does not delve adequately into the dynamics that link the organisation to its stakeholders (Painter et al., 2021). So, without this adequate provision of a link that brings the firm and its stakeholders together, and giving clear reasons as to why an organisation should consider the interests of all the stakeholders on the firm, then the ST seems to lack on potent.

ST, in principle, also seems to undermine the principles on which the market economy is based. The economic model of an organisation posits that firms exist sorely for the maximization of the financial value of the shareholders. In this case then, ST seems to be a threat to political and economic freedom especially in capitalist economies (Mansell, 2013).

The foregoing limitations, mostly dwell on a profit making organisation and have little bearing on NFPs. Thus, the theory was still used in this study, and especially since it was considered together with the agency theory.

2.1.3 Resource Dependence Theory (RDT)

Resource Dependence Theory (RDT) was formulated by Jeffrey Pfeffer and Gerald Salancik through their 1978 seminal work "External Control of Organizations: A Resource Dependence Perspective." The theory posits that organisations are never fully self-sufficient in terms of resources, and therefore, must depend on other external sources within their environment to get such resources as raw materials, customers, and labour. By their being constrained by their

interdependencies with other organisations within their environment, particular organisations find themselves affected (positively or negatively) in their mission, goals and objectives. And since organisations that control particular essential resources in the environment yield power, other organisations must find ways of making alliances if they are to survive since their very survival depends on the availability of resources which are in the hands of other organisations (Jiang et al., 2023). In this case then, since the RHIM depend largely on external resources, such as funding from donors, to achieve their mission, they too sometimes find themselves at the mercy of those external parties to whom they must strike strategic alliances so that they are able to attain their strategic goals and objectives. To this end, The RHIM find themselves in strategic alliances with the government of Malawi and other bodies such us USAID for the funding of some of their programs through such means as memoranda of understanding (MoUs). This theory was utilized in this study when evaluating the financial risk management practices especially in the process of identifying and assessing the impact of particular risks on the organisation, and the development of control strategies for such risks.

However, RDT is not without limitations. One of its limitations is that it has a very simplistic view of resources in that it only reduces resources to tangible assets such as raw materials and money, and yet there is more to resources in terms of knowledge, reputation and even relationships. Another limitation of RDT is that it assumes that all decisions made in organisations to minimize dependency are rational, and yet decision-making sometimes can be influenced by emotions, prejudices, and even organisational politics (Oketcho, 2023).

Even with these limitations, RDT was still used in this study owing to the fact that despite the above cited limitations it is one of the most extensively used theory in researches which seek to observe how organisations adapt to dependencies (Archibald, 2017).

2.1.4 Expected Utility Theory

Expected utility theory (EUT) is another theory on which this study will be based. This theory has foundations in Nicholaus Bernoulli's (1954) paper 'Exposition of a New Theory on the Measurement of Risk.' The theory was later developed by John von Neumann and Oskar Morgenstern (1953). The theory posits that faced with two risky or uncertain situations a rational person will choose the situation with the maximized utility depending on the person's risk tolerance. EUT can be used to explain why different managers exhibit either risk-averse, risk-neutral, or risk-loving behaviour (Prokop, 2023). This theory was especially fundamental to the evaluation of FRM practices and most especially determining financial risk control measures noting that since the RHIM are faced with a variety of responses to risk based on their risk tolerances, then their decisions are based on how much utility they expect to maximize based on a given response to that particular risk.

Although different mathematical models have been developed for measuring utility, yet scholars have had problems as to whether utility should be considered in terms of its psychological or empirical character (Zhi-Xuan et al., 2025). Faced with this reality, scholars have wondered whether the application of EUT in, for example, business and economics can work the same way for different managers noting that there is always a variation and limitation in cognitive abilities across different people. Indeed, scholars have argued that even if EUT may easily work in monetary contexts, its use in policy decisions where nonmonetary outcomes such as death are scaled using monetary units, have led to inappropriate valuations of the said outcomes (Palmer, 2023).

In the end however, decisions will have to be made when faced with different risks, and that managers will have to make those decisions based on what they think is the maximum utility for

their organisation at a particular time. And this utility, for NFPs such as the RHIM is likely to be both empirical, in cases such as of financial resources, and psychological, in terms of cases such as the public image and the overall mission of the organisation. In this regard, the theory was still utilized in this study especially when assessing risk impact and determining risk control measures.

2.2 Empirical Review

In the discussion which follows, empirical studies that have been done in relation to financial risk management practices were reviewed. Interrelationships were shown between liquidity risk management and financial performance, credit risk management and financial performance, foreign exchange risk management and financial performance, and finally, operational risk management and financial performance.

2.2.1 Liquidity Risk Management and Financial Performance of Religious Health Institutions

The impact that liquidity risk can have on an organisation cannot be understated. And since liquidity risk exposes an organisation to the potential of not meeting its immediate obligations, it is imperative that organisations employ liquidity risk management strategies to mitigate against such threats. Most empirical studies which have been done to investigate the relationship between liquidity risk management and financial performance of different organisations seem to lead to the conclusion that robust liquidity risk management strategies have a positive influence or impact on the financial performance of any given organisation.

For example, in a study done by Rudhani and Balaj (2019) in which they were investigating the effect of liquidity risk management on the financial performance of banks in Kosovo using the

linear regression analysis, found that there was a positive and significant relationship between liquidity risk management and the financial performance of the banks. They discovered that the bank's ability to absorb liquidity shocks, the bank's ability to face risk in the presence of large non-liquid assets, and the bank's ability to cope with high liquidity demand in the short term, all had a positive impact on the financial performance of the banks.

Similarly, in a study by Masli and Azam (2022) where they were investigating the relationship between liquidity risk management and financial performance of Libyan commercial banks and using the structural equation modeling (SEM), found that the banks' liquidity management strategies and the financial performances had a significant positive relationship. They further noted that unchecked liquidity issues will have a undesired effect on the financial performance of the bank. Consequently, they suggested that banks should create the needed cash in product segments and maintain the optimal level, which will assist in minimizing the cash balance level.

Keben and Maina (2018) in their study, which adopted the cross-sectional survey research design, to determine if liquidity risk management had any impact on the financial performance of deposit taking SACCOs in Uasin Gishu County, in Kenya, found that liquidity risk management was a significant factor when it came to improving the financial performance of SACCOs in Uasin Gishu County. Their findings were in line with the liquidity risk theory which outlines that a firm should clearly define and identify all liquidity risk exposures in their organisation.

Kalimashi et al. (2022) similarly concluded that banks that successfully manage their liquidity risk easily attain an appropriate level of liquidity which has a positively significant relation to their financial performance. This they did when they investigated the relationship between

liquidity risk management and the performance of commercial banks in the Western Balkans while employing the Ordinary Least Squares model.

Hacini et al. (2021), in a study which utilized the panel data method, found that liquidity risk had a negative impact on the financial performance of the Saudi Arabian banks, and accordingly recommended that banks in Saudi Arabia to preserve some semi-liquid investments to ensure that there is no exposure to liquidity risk in the future. They also recommended banks to take advantage of excess liquidity during granting loans by using it to increase their investments. In other words, Hacini et al. are calling on Saudi Arabian banks to engage more in liquidity risk management practices for better financial performance.

Effiong and Enya (2020), having investigated the effect of liquidity risk management on the financial performance of consumer goods companies, and having engaged the multiple regression analysis, found that there exists a significant correlation between liquidity risk management and the financial performance of companies which deal in consumer goods. As such, they recommended, among other things, that consumer goods companies should maintain a clear liquidity risk management approach in their firms.

Finally, in this section, Amoo et al. (2023) also found a significant relationship between liquidity risk management and performance of real estate construction projects in Busia County, having used a descriptive research design in their study.

What can be learned from the foregoing discussion is that liquidity risk management does have an influence on financial performance of organisations. Indeed, all the reviewed studies from across the globe point to one conclusion: liquidity risk should be taken seriously by any given

organization, if it is to attain desirable levels of performance. However, there is a glaringly lack of studies which have investigated this same phenomenon in the context on NFPs thereby rendering a contextual gap in literature.

2.2.2 Credit Risk Management and Financial Performance of Religious Health Institutions

Due to the financial and economic huddles that Malawi as a country is exposed to, religious health institutions will have to contend with the reality of treating patients who do not have the financial muscle for immediate hospital bill payments (Belz, 2022), or manage relationships with different debtors including government schemes (Salangwa et al., 2025). All these scenarios expose the RHIM to credit risks which, if not properly mitigated, may impact on their deliverables. Yet, different studies have shown that proper credit risk management practices significantly impact on the financial performance of organizations.

A study by Siddique et al. (2022) in embarked on an investigation of the effect of credit risk management and bank specific factors on the financial performance of the South Asian commercial banks, using the generalized method of moment (GMM). Their main objectives in this study were to investigate the effect of credit risk measures, namely non-performing loans (NPLs), capital adequacy ratios (CAR), and bank specific factors, namely cost-efficiency ratio (CER), average lending rate (ALR), and liquidity ratio (LR) on the financial performance of the banks using return on assets (ROA) and return on equity as measures. The results showed that NPLs, CER, and LR had a significantly negative relation to ROA and ROE. And the study recommended that policy makers should implement monetary policy to stimulate interest rates thereby helping to bring down the high ratio of NPLs. In other words, the study demonstrated

that credit risks which were not properly managed had negative consequences on the financial performance of the Asian banks.

In a similar study by Serwadda (2018) in which the researcher sought to investigate the impact of credit risk management systems on the financial performance of commercial banks in Uganda using descriptive statistics, regression and correlation analyses. The study found that the banks' financial performance was inversely influenced by the NPLs thereby exposing the banks to high magnitudes of illiquidity and financial crisis. As such, the study recommended that the Ugandan banks should embark on improving their credit risk management techniques.

Chimkono et al. (2016) did a study in Malawi whose main objective was to investigate the effect of NPL ratio and other factors on the performance of commercial banks in Malawi using correlational research technique and regression analysis. The performance of the banks was measured by ROA. The result of the study showed that NPL was negatively related (with a beta coefficient of -0.090) to financial performance of the commercial banks in Malawi. And, consequently, the study did recommend that the regulatory framework should create and support a strong credit risk management practices environment in Malawian commercial banks.

In a study by Otieno et al. (2016), in which they employed the Longitudinal research design with the main objective of establishing the relationship between credit risk management (with credit risk parameters of portfolio at risk (PAR) and loan loss provision coverage ratio (LLPCR) and financial performance (measured by return on average assets (ROAA) and return on average equity (ROAE)) of microfinance banks (MFBs) in Kenya, it was found that PAR and LLPCR had a strong negative correlation (at -0.68), therefore giving a significant relationship with both ROAA and ROAE. Thus they established that credit risk management does significantly

influence the financial performance of the MFBs in Kenya. Hence they recommended credit managers to operate under a robust credit granting process.

In Nigeria, in a study by Nwude and Okeke (2018) which used the Ex-post facto research design with the main objective of investigating the impact of credit risk management on the performance of deposit money banks, the study found that credit risk management had a positive and significant impact on total loans and advances, the ROA and ROE of the banks. As such the study recommended the need for more effort by bank managers to control the NPLs by critically evaluating the ability of the borrowers to pay back.

Finally in this section, Ndyagyenda (2020) conducted a case study in which she wanted to establish the relationship between credit risk management and financial performance of the Bank of Africa (U) Limited. The independent variables for this study were risk diversification, risk appraisal and risk control techniques. The results showed at 95% confidence level that credit appraisal, risk diversification and credit control significantly influenced the financial performance of the Bank of Africa (U) Ltd. And hence it was recommended that the bank allocate enough to the credit risk management team in order to improve financial performance of the bank.

Thus from the foregoing discussion it can be seen that employing comprehensive credit risk management strategies in organisation necessarily facilitate a better financial performance for the same organisation. And while the results of these studies indicate a significant correlation between CRM practices and financial performance, what is also clear about them is that they only utilized secondary data. This include the study which was done in Malawi, thereby leaving a methodological gap in terms of data collection procedures.

2.2.3 Foreign Exchange Risk Management and Financial Performance of Religious Health Institutions

In recent years Malawi has continued to experience significant currency volatility (Chunga & Yu, 2024). This has meant that all sectors of life including religious health institutions have had to learn how to navigate through the challenges of budgeting, procurement, and financial planning in an extremely unpredictable exchange rate environment, so as to maximize on their financial performance. Studies have shown that organisations that have comprehensive foreign exchange risk management frameworks in place tend to easily translate their risk management practices into better financial performance. The following highlighted studies demonstrate this relationship which exists between better foreign exchange risk management practices and financial performance of organizations.

Paulino et al. (2025) conducted a study which aimed at investigating the interplay between risk identification, exchange rate exposure, FX risk response and the financial performance of the airline industry in China. The study used structural equation modelling, and the results showed that integrated risk management practices enhanced the financial stability and operational efficiency of the airline industry in China.

In a study by Nzioka and Maseki (2017) which adopted a descriptive research design to establish the effects of hedging exchange risk on the financial performance of non-banking companies listed on the Nairobi securities exchange, found that all the four variables (i.e. internal hedging techniques, external hedging techniques, inlation, and interest rate) had a significant effect on the firm’s financial performance. As a result, the study recommended that firms should develop comprehensive FX risk management frameworks to enhance financial performance.

In his study, which employed a descriptive research design and sought to investigate the effect of FX risk management on financial performance of manufacturing firms in Kenya, Maitha (2020) concluded that there exists a statistically fairly strong relationship between FX risk management practices (measured by use of forward exchange contracts, currency options, currency futures, swaps, currency invoicing and netting) and the financial performance (measured by ROA).

Lushibashi and Mweshi (2023) conducted a study using a mixed-methods strategy, which aimed at ascertaining how foreign currency rate fluctuations affected foreign companies' financial results on the Lusaka Stock Exchange (LuSE). Adopting a descriptive research design and employing mixed methods strategy, the study found that FX rate fluctuations significantly influence the financial performance of foreign companies in Zambia. Consequently, the researchers noted that managing currency risk through effective risk management practices becomes crucial especially for foreign companies when they are trying to navigate through a volatile FX market.

Finally in this section, Chiruhula et al. (2019) also conducted a similar research to the foregoing by evaluating the effects FX risk management on the firm performance of commercial banks in the Democratic Republic of Congo (DRC). The study used the longitudinal research design, and had three main objectives, namely to investigate the effect of translation, transaction, and economic exposure on the firm performance of commercial banks in DRC. The results showed that only when the three measures were taken as a composite measure (and not in isolation), was FX risk management having a significant effect on the banks' performance. This meant that on average FX risk management did not significantly contribute to banks' financial performance in

DRC. Thus the study recommended that FX risk management does not add any significant value to firm performance despite it being a critical issue in every firm's operations.

While the majority of studies reviewed in this sections demonstrate a positive and significant link between FX risk management and financial performance, the single discrepancy by Chiruhula et al. (2019) necessitates further studies, perhaps in different industries and countries to check if the results will support the dissenting result here reviewed. Furthermore, noting that all the studies reviewed, just like in the previous section, utilized secondary data, there again arises a methodological that might need to be bridged by employing a different research method in terms of data collection.

2.2.4 Operational Risk Management and Financial Performance of Religious Health Institutions

As already alluded to in the in the previous chapter, operational risks have financial ramifications on an organization (Hudáková et al., 2023). Thus, even the RHIM will also have to deal with a myriad of operational risks which have a direct financial impact including workforce shortages, infrastructure limitations, supply chain disruptions, and even governance issues (Government of Malawi, 2022). These operational vulnerabilities open the RHIM to service interruptions, quality issues, resource wastage, and even a reputational damage, all of which can significantly impact financial performance. Different studies have shown that proper operational risk management systems can significantly and positively influence the financial performance of an organization. The following is a selected preview of the said literature.

A study by Kerongo and Mwaura (2016) which employed a descriptive research design, was conducted with the objective of examining the effect of operational risk management practices

on financial performance of commercial banks in Tanzania. The study employed credit risk, insolvency risk, and operational efficiency as proxies for operational risk management, the study's independent variable. The results of the study showed that all the three variables in the study had a positive influence on the financial performance of the commercial banks for the period studied.

Isoh et al. (2020) conducted a study in which they sought to analyze the impact of operational risk management strategies on financial performance of selected mainstream commercial banks in Cameroon. The study employed a quantitative case study design with objectivism ontology and positivism epistemology as its philosophical underpins. The study eventually concluded that internal ORM practices, risk monitoring and control, and training and reporting had a significant positive impact on financial performance. Thus, the study demonstrated that financial performance increases when internal ORM practices are properly implemented.

In a study by Hudáková et al. (2023) where the objective was to identify and quantify the differences in operational risk management and the effect thereof on the financial management of small and medium enterprises (SMEs) in Central European countries, the findings showed that operational risk management has a significant positive impact on the improvement of profitability of the SMEs while at the same time reducing their exposure to excess debt. In this study the hypotheses were evaluated using correlation analysis and linear regression.

Fadun and Oye (2020) also conducted a study with the aim of analyzing the impact of operational risk management practices on the financial performance of commercial banks in Nigeria. Data for this study was analysed using the Linear Multiple Regression Model. The results of the study were such that ORM practices impact positively on the financial performance

of banks, and thus, recommended that bank managers should ensure adequate resources are available for understanding operational risk owing to the fact that robust ORM practices improve bank performance.

Similarly, Annannab et al. (2022) carried out a study which aimed at investigating the impact of operational risk management on the performance of cooperative microfinance institutions in Thailand. The study was carried out with a particular focus on the moderating role of specialization. Using a quantitative research approach, the findings revealed that ORM practices had significant positive impact on the performance of cooperative microfinance institutions. Further, specialization was deemed to have played an important moderating role in enhancing the relationship between operational risk management and institutional performance.

However, a study by Okeke et al. (2018), which adopted survey research design, found that operational risk management has a negative significant effect on organisational performance of banks in Edo state. This study, which aimed at investigating the effect of people risk, process risk, system and technology risk, and external risk as proxies of the independent variable of operational risk management, found that people risk had a negative strong effect on organisational performance; process risk had a negative but moderate effect; system and technology risk had a negative but significant effect on organisational performance; while external risk had a positive but weak influence on the organisational performance of banks in Edo state. Hence the study recommended such measures as analysis of people risk variables by the banks to establish policies that will help to bring it down; to put in place checks and balances for process risk; bank managers putting stringent measures on systems access by members of staff; and the banks putting more emphasis on effective communication.

Thus, from the forgoing it may be established that good operational risk management practices do have a positive influence on the financial performance of organisation and should therefore, if comprehensively implemented lead to financial performance of the RHIM. However, the latter study by Okeke et al. (2018) has demonstrated that there is no consensus in literature concerning the relationship between ORM and financial performance. This alone leaves an empirical gap which necessitates further studies.

2.3 Research Gaps

From the foregoing literature, what was known is that there is, strictly speaking, no consensus in the academy on whether FRM practices have a positive relation or significance to financial performance. Whereas more of the reviewed studies have shown a positive relation between the two, some have established a negative relationship. Although theoretically FRM practices should necessarily have a positive relation or significance to financial performance (Christoffersen, 2012), the diverse results in the foregoing review pointed to the fact that more studies were required if a firm position on the relation between FRM practices and financial performance is to be established. Furthermore, noting that all of the above reviewed studies were of profit making organisations only, there was still left a gap in the literature concerning the relation between FRM practices and financial performance of NFPs. Thus, this study sought to fill that gap by examining the influence of FRM practices on the financial performance of Religious Health Institutions in Malawi.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0. Introduction

This chapter discusses the research methodology. It outlines the following elements: the research design, target population, description of the research instruments, the sample and sampling procedures, data collection and data analysis procedures.

3.1 Research Design

Saunders et al. (2012) define research design as the overall plan through which a researcher intends to go about answering their research questions. In order to achieve the objectives of this study, the researcher adopted a census descriptive research design taking into account the quantitative approach. A census descriptive research design aims at gathering data of the entire population or group, and then simply describes the phenomena, that is to say, simply describes the way things are without being concerned with understanding why things are the way that they are (Adams et al., 2007). And since this research was aimed at systematically outlining the characteristics of a particular phenomenon and not aimed at establishing a cause-and-effect relationship between variables (Saunders et al., 2012), it sufficed to adopt the descriptive research design.

3.2 Target Population

Willie (2023) defines a population as the entire cluster of individuals or elements that share ubiquitous traits or features. Thus in this sense, in looking at the religious health institutions in

Malawi, the population comprised of all the health institutions under CHAM which gives a total number of 195 health institutions. However, Willie differentiates a population from a target population by defining a target population as a particular *subset* or section within the larger population which forms the elementary focus of a study. It represents a smaller group of individuals possessing specific traits or meeting certain criteria. Health institutions under CHAM fall under a three-tier system comprising health centres, community hospitals, and full hospitals. This system follows the criteria of size, which, amongst others, entails the number of departments the institution has, the number of its permanent staff, the size of its clientele, and the size of its annual budget. In this case, the full hospitals are in the topmost tier and health centres in the lowest tier with community hospitals placed in-between. As such, full hospitals are referral hospitals for the other two tiers. Consequently, the target population for this study was the 23 full hospitals under CHAM which are spread across the three regions of Malawi (CHAM, 2023). The table below highlights the targeted institutions and personnel who were involved in the study:

Table 3.1 List of targeted institutions and personnel.

No.	Targeted Institution	Targeted Personnel
	Northern Region	
1.	Embangweni Hospital	Finance Manager
2.	St John's Hospital	Finance Manager
3.	Ekwendeni Hospital	Finance Manager
4.	David Gordon Memorial Hospital	Finance Manager
5.	St John of God Hospital	Finance Manager
	Central Region	
6.	Nkhamenya Hospital	Finance Manager
7.	Madisi Hospital	Finance Manager
8.	Blessings Hospital	Finance Manager
9.	Daeyang Hospital	Finance Manager
10.	St Gabriel Hospital	Finance Manager
11.	Likuni Hospital	Finance Manager
12.	Partners in Hope	Finance Manager
13.	ABC Mission Hospital	Finance Manager
14.	Nkhoma Mission Hospital	Finance Manager
15.	Mua Mission Hospital	Finance Manager
	Southern Region	
16.	St Martins Hospital	Finance Manager
17.	St Luke's Hospital	Finance Manager
18.	St Joseph Hospital	Finance Manager
19.	Holy Family Hospital	Finance Manager
20.	Mulanje Mission Hospital	Finance Manager
21.	Malamulo Mission Hospital	Finance Manager
22.	Mlambe Mission Hospital	Finance Manager
23.	Trinity Mission Hospital	Finance Manager

3.3 Description of the Sample and Sampling Procedures

A sample can be defined as a smaller representative version of a larger population, which, as a subset comprising of characteristics of a larger population, is used for statistical testing (Kenton, 2024b). Sampling, on the other hand, is the technique employed to determine the characteristics of a population based on a sample drawn from that population (Kirori, 2019). In the case of this study, sampling was important because it helped the researcher to gather information about the RHIM by focusing on a select group of such institutions. And as highlighted in the foregoing discussion, this study adopted a census survey owing to the fact that the target population of 23 CHAM full hospitals spread throughout Malawi, is small in size. Consequently, all 23 full CHAM hospitals formed the sample of the study. And, as a result, purposive sampling was employed for this study. Purposive sampling is a non-probability sampling technique whereby units for the study are drawn by the researcher based on his/her professional judgement (Kirori, 2019). As a non-probability technique, purposive sampling does not use any statistical formula to calculate the sample size. For this study to be successful, the institutions studied had to have at least the potential for having an FRM framework, which implied having personnel and administrative structures necessary for the framework's implementation. Due to their sizes (in terms of budget and personnel, for example), the community hospitals and health centres were deemed unlikely to have a fully implemented FRM framework which requires at least a department overseeing risk management, in general. And that is why the focus for this study was only on the 23 full CHAM hospitals. This means that the hospitals (as wholes) were the elementary unit of analysis for this study. However, the study designated hospital finance managers as respondents for the survey. And since the number of the hospitals which were surveyed was 23, then the total number of targeted respondents added up to 23.

3.4 Description of Research Instruments

Research instruments are the tools through which data is collected from a subject or case in a social research (Mugenda & Mugenda, 2019). Examples of research instruments include questionnaires, interview schedules, observational forms, and standardized tests. This study employed two types of research instruments to collect data from the RHIM, namely the questionnaire and the record survey sheet. The questionnaire was used to collect primary data pertaining to the independent variable, while the record survey sheet was used for collecting secondary data such as financial statements (including statements of income and expenditure and financial position for the years 2019 - 2023). The questionnaire was designed in such a way that it would successfully be used to elicit data from the respondents. The questionnaire comprised of open-ended, close-ended, or multiple choice questions, and Likert scale type of questions whose answers were both numerical and non-numerical in nature (Saunders et al., 2012). These instruments were selected because they are the frequently used instruments in business management (Adams et al., 2007), and also due to budgetary and time constraints associated with this study since it is a study necessitated by academic requirements whose timeframe is limited (Sreejesh et al., 2014). While it is in fact the case, that these instruments have been selected for convenience, they are in no way inferior to other research instruments owing to the fact that all instruments have their pros and cons (Adams et al., 2007).

3.4.1 Validity and Reliability of Research Instruments

The instruments used in the data collection process were tested for validity and reliability. Mugenda and Mugenda (2019) define validity as a measure of the extent to which the data obtained using a particular instrument is a true representation of what that particular instrument

was meant to measure. Content validity for the research tools was assessed through the university supervisors who reviewed the questionnaires and the record survey sheets to ensure that the questions asked and the secondary data collected was in tandem with the research objectives. The comments and feedback from the supervisors were used to improve the instruments.

A pilot study was done in order to establish the reliability of the data collected using this study's instruments, and to ensure that the questionnaire and the record survey sheets were clear to the respondents and that they would be completed satisfactorily to meet the objectives of the study (Adams et al., 2007).

3.5 Description of the Data Collection Procedures

Both primary and secondary data were collected using questionnaires and record survey sheets which were structured to meet the objectives of the study. Primary data is the type of data which the researcher has to generate in a new survey while secondary data is the type of data that is already available in different organisations and databases, such as after previous research (Adams et al., 2007).

In order to obtained the needed data for the study, the researcher first obtained an introductory letter from The Catholic University of Eastern Africa (CUEA) which was then used to obtain approval for research in Malawi through the National Commission for Science and Technology, through its sub-committee, namely the National Committee on Research in the Social Sciences and Humanities. Thereafter, the researcher acquired a letter from the gatekeeper, that is CHAM, to be allowed to make contact with the respective respondents.

Having obtained the necessary approvals, electronic questionnaires and record survey sheets (in Google Forms format) were distributed to the respondent representatives of the hospitals, namely the finance manager. Adequate time was granted to the respondents although in other cases follow-ups had to be made to all the respondents who were taking long to respond to the questionnaires or submit the secondary data as requested through the record survey sheet.

3.5.1 Variable Measurement

The study used Operating Reserve Ratio (ORR) as a measure of financial performance. Operating reserve ratio indicates part of the unrestricted net assets which an organization sets aside as a means of financial safety which enables it to continue with its operations in times of unexpected financial challenges (Cruse, 2024).

Liquidity risk management, Credit risk management, foreign exchange risk management, and operational risk management were used as independent variables in this study. LRM indicates the measures that an organization sets in place to counter the potential that it will not be able to secure funds within a required period to meet its financial obligations (Kenton & Smith, 2025). The variable was measured by current ratio and quick ratio.

CRM indicates the measures that an organization sets in place to counter the potential that a borrower or a counterparty is unable to meet their financial obligations on agreed terms (Nocco & Stulz, 2022). Non-performing loans were used as a measure for credit risk management.

FXRM indicates the measures that an organization sets in place to counter the potential that an institution will be exposed to losses resulting from an impact of currency rates fluctuations (Nzioka & Maseki, 2017). Transaction and market risks were a measure for FXRM.

ORM indicates the measures that an organization sets in place to counter the potential that an organization will be exposed to losses which are a result of deficient or failed internal processes, people and systems, or an organisation's exposure to eternal events including legal risk (Reserve Bank of Malawi, 2025). ORM was measured by the organisation's people risks, system risks, and external risks. Table 3.2 below is a summary of this variable measurement.

Table 3.2: Variable Measurement

Variable	Measurement	Previous related studies to have used the measurement
Dependent Variable		
ORR	Unrestricted net assets/Annual expenses	Grizzle et al., 2015; Irvin & Furneaux, 2022
Independent Variable		
LRM	Current ratio & Quick ratio	Keben & Maina, 2018; Masli & Azam, 2022; Rudhani & Balaj, 2019
CRM	Non-performing loans	Chimkono et al., 2016; Nwude & Okeke, 2018; Serwadda, 2018; Siddique et al., 2022
FXRM	Transaction risk & Economic risk	Lushibashi & Mweshi, 2023; Maitha, 2020; Nzioka & Maseki, 2017; Paulino et al., 2025
ORM	People risks, system risks, & external risks	Annannab et al., 2022; Fadun & Oye, 2020; Hudáková et al., 2023; Isoh et al., 2020

3.6 Description of Data Analysis Procedures

The data which was collected for the study was first cleaned, sorted and then coded using numerical numbers. And since the data collected from the field is considered to be 'raw' and, therefore, difficult to interpret, the processes of cleaning, coding and quantifying, ensures that

the data, so collected, can easily be made sense of by the researcher (Mugenda & Mugenda, 2019).

The primary data was analyzed using descriptive analysis method. Descriptive statistics was done using the Statistical Package for Social Science (SPSS). Correlation and regression analyses were done for each independent variable against the depended variable. In this case, analysis was carried out to determine whether or not to reject or accept the null hypothesis tested and to measure the influence of the independent variable on the dependent variable. The coefficient values in the model were utilized to predict the dependent variable, namely financial performance.

The secondary data from the record survey sheets was computed to determine the operational reserve ratio, which is a measure of financial performance for the RHIM. And both of the data sets were used to describe the relationship between the dependent and the independent variable, in that data collected through the questionnaire determined the independent variable, whereas data collected through the record survey sheet determined the dependent variable. All these were finally presented in graphs, tables and pie charts.

3.6.1 Data Diagnostics

Data diagnostics is a very important step in any empirical study since it ensures that the data which has been collected is accurate, reliable, and suitable for analysis. This study, therefore, utilized the following data diagnostics related to the violation of the assumptions underlying the classical linear regression analyses: normality test, multicollinearity test, and homoscedasticity test.

3.6.1.1 Normality Test

Regression analysis assumes that residuals follow a normal distribution to ensure valid statistical inference. To check the normality of residuals, this study used the graphical method of Probability-Probability plot. The test was used to compare the cumulative distribution function (CDF) of a variable with a theoretical CDF. If the data is distributed so as to closely align with the straight line on the plot then it is normally distributed (Paramasivam et al., 2024).

3.6.1.2 Multi-collinearity Test

In this study a multi-collinearity test was employed to present the level to which independent variables co-vary with each other, which usually inflates standard errors, distorts the statistical significance of predictors, and contaminates the reliability of the regression model. Multi-collinearity is present when two or more independent variables in a regression model are highly correlated. Variance inflation factor (VIF) and tolerance were used to measure the degree of multi-collinearity. Presence of multi-collinearity is indicated by a VIF of over 10, and a tolerance of less than 0.1 (Daoud, 2017).

3.6.1.3 Homoscedasticity Test

The term homoscedasticity refers to the assumption that an error terms (residuals) in regression models are consistent across all values of the independent variable(s). Heteroscedasticity, on the other hand is a violation of homoscedasticity, namely that it is present when the size of the error term is different across the values of the independent variable (Gujarati & Porter, 2009).

In this study a Residual versus Fitted Values plot was used to detect homoscedasticity and potential heteroscedasticity. In a scatter plot, if the data points are evenly spread out then it is

likely a demonstration that homoscedasticity is present. However, data points spread in a pattern that forms a funnel-like shape, it suggests heteroscedasticity, hence indicating a violation of homoscedasticity.

3.6.2 Model Specification

Since the dependent variable of the study was financial performance of religious health institutions and the independent variables were the different FRM practices, the regression equation assumed the following form:

$$Y = \beta o + \beta_1 LRM + \beta_2 CRM + \beta_3 FXRM + \beta_4 ORM + \varepsilon$$

Where Y = Operating Reserve Ratio

βo = Constant

LRM = Liquidity Risk Management

CRM = Credit Risk Management

FXRM = Foreign Exchange Risk Management

ORM = Operational Risk Management

ε = Error term

3.7 Ethical Considerations

Saunders et al. (2012) define ethics in the context of research as the general standards of behaviour that influence a researcher's conduct relative to the rights of those who will become

the subject of the researcher's work, or will otherwise be affected by it. Thus, ethical considerations form an integral part of any research.

In this regard, prior to carrying out the study, this researcher ensured that all ethical considerations were in place. First, the respondents received a detailed briefing and key information about the objectives of this study in order to facilitate their informed consent. Furthermore, the researcher ensured that all the respondents willingly decided to participate in the research without any coercion (Adams et al., 2007). Consequently, the researcher guaranteed the respondents that they could choose to withdraw from the study at any time without having to give reasons as to why they decided to withdraw from the study. All information pertaining to names or identities of the research participants was held and handled with utmost confidentiality in order to guarantee anonymity or secrecy of the participants, and to avoid their potential harm (Greener & Martielli, 2018).

Second, this researcher guaranteed to maintain honesty and integrity especially during data collection, analysis and dissemination stages of the research findings ensuring that the results are in tandem with the methods employed in the research. Thus, consequently, the researcher avoided cooking up data or engaging in activities that could render the study as misleading .

Third, the researcher guaranteed that there was no conflict of interest as regards this study.

Finally, the researcher guaranteed that any personal data collected during this research will be protected in line with the requirements of Malawi's Data Protection Act of 2024.

CHAPTER FOUR

PRESENTATION, INTERPRETATION, AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the results, discussions and the interpretation of the findings of the study based on the data collected from 22 religious health institutions in Malawi. The presentations are organized in this order: section 4.0 is the introduction which also incorporates the results of the pilot test; 4.1 presents the response rate; section 4.2 constitutes descriptive statistics; section 4.3 is a presentation of the diagnostic test; section 4.4 presents the regression analysis; and, finally, section 4.5 presents the hypothesis testing.

4.0.1 Pilot Test Results

A pilot study was done in order to establish the reliability of the data collected using this study's instruments, and to ensure that the questionnaire and the record survey sheets were clear to the respondents and that they would be completed satisfactorily to meet the objectives of the study (Adams et al., 2007). A threshold of between 1% and 10% of the sample size is defined as ideal and reasonable for piloting by Mugenda and Mugenda (2019). Therefore, one CHAM full hospital was designated as a pilot sample (representing 4.35% of the sample size), mainly owing to the already smaller nature of the sample size. The CHAM hospital was selected because it bore similar characteristics to the rest of the CHAM hospitals to be studied. The return rate for the pilot study was 100%. Factor analysis was done with a factor loading threshold of 0.4. Composite measures which produced a factor loading of less than 0.4 were eventually dropped from the questionnaire. All the composite measures which were retained consisted of all the

questions which were administered to the respondents in the main study. Tables 3.2 and 3.3 below show the results of factor analysis and reliability tests, respectively.

Table 4.1 Factor Analysis Results

Item	Composite measures	Dropped Measures	Retained Measures
LRM	9	1	8
CRM	9	2	7
FXRM	6	0	6
ORM	8	1	7

Table 4.2 Reliability Test results

Variables	Cronbach's Alpha	No of Items
Liquidity Risk Management	.986	8
Credit Risk Management	.989	7
Foreign Exchange Risk Management	.988	6
Operational Risk Management	.990	7
Operating Reserve Ratio	.907	2

4.1 Response Rate

The primary data was collected from the health institutions in Malawi. The researcher distributed 22 questionnaires all of which were fully filled and returned for analysis. This formed a response rate of 100%. This was a good participation, showing that each institution studied was well represented.

Table 4.3. Response Rate

Response	Expected population	Turn up	Percentage
Health Institutions	22	22	100

Source; Field Data (2025)

4.2 Descriptive Statistics

4.2.1 Demographic Information

This section presents data on the demographic background information of RHIM, specifically the respondents, namely the financial managers of the respective institutions, who took part in the study. This section addresses the areas including employment level, financial risk awareness, clientele income, risk impact, mitigation strategies, and FRM implementation. The Findings are presented in figures 4.1, 4.2 and Table 4.2.

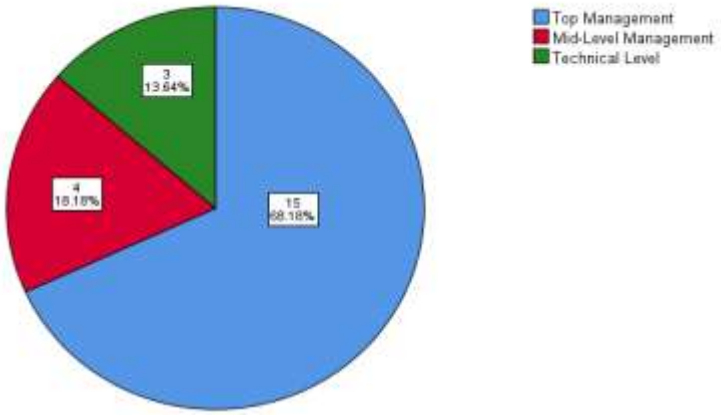


Figure 4.1. Employment Level

The pie chart in Figure 4.1 demonstrates the trend of the respondents across different levels of employment in their respective institutions. The majority of respondents (68.18%) are in top management, which demonstrates that they serve in their institutions at senior leadership levels.

Mid-Level Management represents 18.18%, with Technical Level personnel occupying 13.64%. This trend reveals that the risk management services or programs in these institutions are tailored for, decision-makers and executives. The relatively lower rate of representation by technical and middle-level staff might indicate the need for diversifying outreach or making changes in offerings to bring aboard a broader professional base.

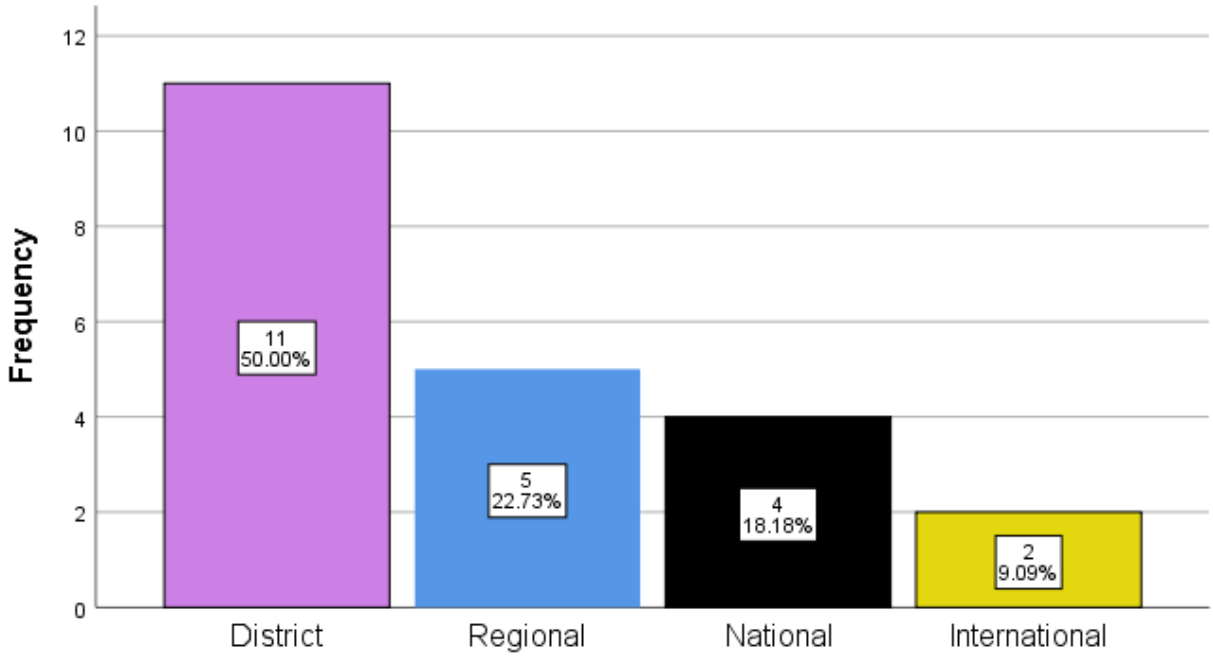


Figure 4.2. The Geographical Distribution of Respondents' Clients

Figure 4.2 shows the geographical reach of the RHIM as pertains to their clientele base on average, indicating that the majority of the RHIM (50%) serve clientele mostly based at the District level, followed by regional clients at 22.73%. Clients at the National level occupy 18.18%, while international clients have the least portion at 9.09%. This indicates that most services or programs are localized with little outreach beyond district boundaries. The evidence suggests strong local engagement but also highlights potential opportunities for the delivery of influence and service to national and international clients.

Table 4.4 Financial Risk Awareness, Clientele Income, Risk Impact, Mitigation Strategies, and FRM Implementation

Variable	Category	Frequency (n)	Valid Percent (%)
Awareness of Financial Risks Affecting the Institution	I am aware	19	86.4
	I am not aware	3	13.6
	Total	22	100.0
Income Status on Average of Your Clientele	Low income	13	59.1
	Middle-income	6	27.3
	Affluent	3	13.6
	Total	22	100.0
Financial Risks Affecting Your Institution	Yes	19	86.4
	No	3	13.6
	Total	22	100.0
Preferred Method Used to Mitigate or Prevent Financial Risks	Risk aversion	3	13.6
	Risk acceptance	5	22.7
	Risk sharing	4	18.2
	Risk reduction	10	45.5
	Total	22	100.0
Level of Financial Risk Management (FRM) Implementation in Organization	10–40% (Foundation Level)	7	31.8
	41–60% (Business Level)	9	40.9
	61–100% (Implementation Level)	6	27.3
	Total	22	100.0

The data in Table 4.2 indicates that a vast majority of the respondents (86.4%) reported being aware of financial risks confronting their institution, indicating a high degree of risk awareness in general on the part of the stakeholders. A small proportion (13.6%) were not aware, which indicates that risk identification and communication systems may be in place and functioning effectively, but special awareness campaigns might be required to bridge the knowledge gap for

the unaware minority. This general knowledge forms a good basis for sound financial risk management practice because understanding the nature and existence of risks is the first fundamental step in their mitigation process.

As pertains the income level of clientele, the majority of respondents (59.1%) identified their clients as low-income earners, while 27.3% had middle-income clients, and only 13.6% had clients who were affluent. This spread indicates that RHIM need to tailor their financial risk management practices in view of the fact that some of their clientele may not be able to meet their financial obligations once services has been rendered to them thereby affecting the institutions' financial performance. Consequently, tailoring FRM practices in order to meet some clientele demands will help RHIM to develop proper risk mitigation strategies which will in turn help the RHIM to meet the financial risks they face head-on and still come out with better financial performances.

Consistent with this, 86.4% of the respondents confirmed that their institutions are exposed to financial risks, highlighting once again the importance of having sound and proactive risk approaches. When asked about their most preferred mitigation strategies, the most common practice was risk reduction (45.5%), followed by risk acceptance (22.7%), risk sharing (18.2%), and risk aversion (13.6%). The preference shows that institutions prefer reducing risks' likelihood or impact than to transferring or avoiding them altogether.

Finally, on the levels of FRM adoption, 40.9% indicated their organizations to be at the business level (41–60% adoption), 31.8% at the foundational level (10–40%), and only 27.3% at full adoption (61–100%). These findings indicate that while most organizations have moved beyond basic awareness, there remains significant room for advancing and institutionalizing general

FRM adoption in all the RHIM so as to enable them to be fully prepared to deal with financial risks that they face and, therefore, be able to enhance their financial performance.

4.2.2 Financial Risk Management and Financial Performance of Religious Health Institutions

4.2.2.1 Liquidity Risk Management and the Financial Performance of Religious Health Institutions

Table 4.5 Liquidity Risk Management and the Financial Performance of Religious Health Institutions

Statement	*(SD) %*	*(D) %*	*(N) %*	*(A)%*	*(SA) %*	*Mean*	*Std. Dev.*
The institution has clearly defined and identified liquidity risks	1 (4.5)	2 (9.1)	3 (13.6)	11 (50.)	5 (22.7)	3.77	1.04
The institution is more exposed to funding liquidity risks than asset	5 (22.7)	3 (13.6)	3 (13.6)	8 (36.4)	3 (13.6)	3.05	1.40
The institution has the ability to absorb liquidity shocks	1 (4.5)	4 (18.2)	8 (36.4)	6 (27.3)	3 (13.6)	3.27	1.05
The institution has the ability to cope with high liquidity demands	2 (9.1)	2 (9.1)	8 (36.4)	6 (27.3)	4 (18.2)	3.36	1.15
The institution maintains highly diversified sources of funding	2 (9.1)	5 (22.7)	2 (9.1)	6 (27.3)	7 (31.8)	3.50	1.37
The institution invests excess liquidity	3 (13.6)	4 (18.2)	7 (31.8)	6 (27.3)	2 (9.1)	3.00	1.17
The institution monitors data that is correlated to liquidity risks	1 (4.5)	2 (9.1)	6 (27.3)	7 (31.8)	6 (27.3)	3.68	1.10
The institution utilizes current information technology	1 (4.5)	3 (13.6)	8 (36.4)	7 (31.8)	3 (13.6)	3.36	1.02
Average						**3.42**	**1.15**

Analysis of Table 4.2 Liquidity Risk Management and Performance of Religious Health Institutions provides an overall picture of how religious health institutions perceive and manage liquidity-related risks. The statement “The institution has clearly identified and specified the liquidity risks to which it is most exposed to, and thus developed mitigation strategies” was best supported with 50.0% agreeing and 22.7% strongly agreeing. Only 13.6% was neutral, and a virtually insignificant 13.6% disagreed or strongly disagreed. The high mean of 3.77 and relatively modest standard deviation of 1.04 indicate respondent’ consensus as well as a positive perception of forward-looking identification of risks and proper mitigation planning.

For the statement “The institution is more exposed to funding liquidity risks than asset (market) liquidity risks,” responses were less uniform. While 36.4% agreed and 13.6% strongly agreed, an impressive 36.3% strongly disagreed, disagreed, or were indifferent. The mean of 3.05 and higher standard deviation of 1.40 indicate skepticism or conflicting views of the exposure of the institution to liquidity risk. Institutional ability to absorb liquidity shocks was met with moderate confidence. While 27.3% and 13.6% agreed and strongly agreed, respectively, 36.4% were neutral. The mean was 3.27, and the standard deviation was 1.05, reflects a satisfactory level of agreement but also an area of scope for building liquidity reserves.

Similarly, the institutions’ capacity to cope with having high short-term liquidity needs received moderate agreement, with 27.3% in agreement and 18.2% in strong agreement, with a mean of 3.36 and standard deviation of 1.15. This reflects the general favorable view of coping with high liquidity demands through maintenance of healthy current and quick ratios, though with moderate opinion variation. When asked whether institutions have very diversified funding sources, 31.8% of them strongly agreed while 27.3% agreed. The average of 3.50 and a relative

higher standard deviation of 1.37 indicate support of diversification of funding, whereas the spread of responses indicates differential practice among institutions.

The practice of investing surplus liquidity was less highly supported. Although 27.3% agreed, 31.8% were neutral, and the combined total of 31.8% disagreed or strongly disagreed. The mean of 3.00 and standard deviation of 1.17 highlight non-standard practice for maintaining working balances in effect with the investment of surplus liquidity. With regards to monitoring of data that is connected to liquidity risk, 31.8% agreed and 27.3% strongly agreed, whereas merely 13.6% disagreed. The average score of 3.68 and a standard deviation of 1.10 reflect that the majority of institutions possess an ongoing monitoring of risk-related data. Finally, regarding the use of current information technology in liquidity risk management, 31.8% and 13.6% agreed and strongly agreed, respectively, but a significant 36.4% did not agree nor disagree. The 3.36 mean value and standard deviation of 1.02 express moderate agreement and areas for greater technology use.

From the foregoing discussion, the evidence suggests that the majority of RHIM have put considerable effort into defining and managing liquidity risk, with leading practices like risk identification, diversified funding, and monitoring having relatively high mean scores (over 3.50). Practices like investing surplus liquidity and profiling risk on certain areas (for example, the RHIM's exposure to funding versus market liquidity risk) are more variant and lower in mean scores, showing inconsistency or underdevelopment in in these areas. Standard deviations range from 1.02 to 1.40, which indicates that although there is some strong agreement in some aspects of LRM, such as defining and identifying liquidity risks, there is still variation and disagreement on other aspects of LRM, such an institution's susceptibility to be exposed to

funding liquidity risk than asset liquidity risk. The results emphasize the need for increased standardization and capacity building in liquidity risk management practices by the RHIM to optimize institutional performance.

The study's findings are supported by Rudhani and Balaj (2019) who discovered that the bank's ability to absorb liquidity shocks, the bank's ability to face risk in the presence of large non-liquid assets, and the bank's ability to cope with high liquidity demand in the short term, all had a positive impact on the financial performance of the banks.

4.2.2.2 Credit Risk Management and the Financial Performance of Religious Health Institutions

Table 4.6 Credit Risk Management and the Financial Performance of Religious Health Institutions

Statement	*(SD) %*	*(D) %*	*(N) %*	*(A)%*	*(SA) %*	*Mean*	*Std. Dev.*
The institution has a credit appraisal policy	4 (18.2)	6 (27.3)	4 (18.2)	4 (18.2)	4 (18.2)	2.91	1.43
The institution maintains a robust liquidity position	4 (18.2)	7 (31.8)	5 (22.7)	3 (13.6)	3 (13.6)	2.73	1.33
The institution has a credit administration committee	6 (27.3)	3 (13.6)	5 (22.7)	4 (18.2)	4 (18.2)	2.86	1.52
The institution utilizes modern technologies	4 (18.2)	5 (22.7)	6 (27.3)	3 (13.6)	4 (18.2)	2.91	1.41
The institution utilizes the use of collateral in granting loans	7 (31.8)	5 (22.7)	5 (22.7)	3 (13.6)	2 (9.1)	2.45	1.29
The institution maintains ethical practices when granting loans	4 (18.2)	3 (13.6)	7 (31.8)	4 (18.2)	4 (18.2)	3.04	1.35
The institution ensures that all the relevant departments are aware of credit policies and procedures	1 (4.5)	1 (4.5)	8 (36.4)	5 (22.7)	7 (31.8)	3.73	1.07
The institution has a credit appraisal policy	4 (18.2)	6 (27.3)	4 (18.2)	4 (18.2)	4 (18.2)	2.91	1.43
Average						**2.94**	**1.35**

Analysis of Table 4.3 on Credit Risk Management and Performance of Religious Health Institutions provides data regarding how credit risk is being managed in these institutions and how this management of financial risks affects these institutions' financial performance. The statement "The institution has a credit appraisal policy to ensure only credit-worthy customers get access to loanable funds…" best captured an even divide over all response categories. Exactly, 18.2% of the respondents strongly agreed, agreed, or remained neutral, while 45.5% disagreed or strongly disagreed. This resulted in a relatively low mean of 2.91 with high standard deviation of 1.43, indicating variability in either the existence or implementation of such credit risk management policies within the institutions.

For the statement "The institution has a strong liquidity position to counter any eventualities arising from defaulters…", disagreement was stronger. Fully 50.0% of the participants either disagreed or strongly disagreed, as against just 27.2% of those who agreed or strongly agreed. The mean of 2.73 and standard deviation of 1.33 indicate a largely negative view of the institutions' ability to manage credit defaults through the maintenance of a robust liquidity position.

In ascertaining the presence or absence of a credit administration committee in the institutions, the replies were again split with 36.4% agreeing or strongly agreeing and 40.9% disagreeing or strongly disagreeing. The mean was 2.86 and the standard deviation was high at 1.52, indicating that there is no consensus and that credit administration structures are underdeveloped or where they exist, are inconsistently applied or utilized within these institutions.

In terms of applying new technology towards identification, assessment, and management of credit risk, the results reflect mixed opinions. 27.2% of respondents agreed or strongly agreed,

and 40.9% disagreed or strongly disagreed. Up to 27.3% remained neutral, leaving a mean score of 2.91 and standard deviation of 1.41, indicating low application of technological tools for credit risk management.

Upon being asked if the institution practices lending using collateral, the reply was negative sloping. The total of 54.5% disagreed or strongly disagreed with the assertion, whereas only 22.7% agreed or strongly agreed. The lowest mean was at 2.45 with a standard deviation of 1.29 to signify that lending on collateral is not implemented or believed to be useful by RHIM.

On having ethical practices in extending credit, 36.4% of the respondents disagreed or strongly disagreed, and 31.8% agreed or strongly agreed, and the rest were neutral. The moderate level of awareness about ethics is reflected in the mean value of 3.04 and a standard deviation of 1.35, though inconsistently perceived by the respondents.

The strongest consensus was with the statement “The institution makes sure that all departments concerned have knowledge of credit policies and procedures” where 54.5% agreed or strongly agreed and 9.0% disagreed. This also had the largest mean of 3.73 and smallest standard deviation of 1.07, showing strong and relatively consistent agreement across RHIM about internal communication and policy knowledge.

With 18.2% and 27.3% of respondents respectively strongly disagreeing and disagreeing with the statement “The institution has credit appraisal policy to ensure that only credit-worthy clients have access to loanable funds…,” and coupled with a lower mean at 2.92, it demonstrates how much a sizeable percentage (45.5 %) of the RHIM are exposed to clients defaulting on their financial obligations when they are offered products or services on credit. Again, this speaks a

lot about policy implementation in the RHIM as regards financial risk management of risks such as credit risk. However, a slightly higher standard deviation of 1.43 demonstrates that there is still some variability as regards the data set pointing out to some positive developments in policy development and implementation in some of the RHIM.

The results reveal that while a few religious healthcare institutions have tried to develop credit policies and develop departmental awareness, there is no overall credit risk management practice in place, such as the application of collateral, technological implementation, and aggressive administrative control. Mean scores for most of the statements are below 3.00, reflecting below-average perceptions, with moderately high standard deviations (1.07 to 1.52) reflecting extreme variability of implementation across institutions. These findings suggest that credit risk management remains a vital area that needs strategic planning development, training, and implementation to enhance financial performance of RHIM. These findings are supported by Chimkono et al. (2016) who did a study in Malawi on the effect of non-performing loans (NPL) and how these affect performance of commercial banks. The results of the study showed that non-performing loans (NPL) were negatively related (with a beta coefficient of -0.090) to financial performance of the commercial banks in Malawi. The findings of this study are also supported by another study by Nwude and Okeke (2018) which investigated the impact of credit risk management on the performance of deposit money banks, and found that credit risk management had a positive and significant impact on total loans and advances, the ROA and ROE of the banks.

4.2.2.3 Foreign Exchange Risk Management and the Financial Performance of Religious Health Institutions

Table 4.7 Foreign Exchange Risk Management and the Financial Performance of Religious Health Institutions

Statement	*(SD) %*	*(D) %*	*(N) %*	*(A)%*	*(SA) %*	*Mean*	*Std. Dev.*
The institution uses modern technologies such as artificial intelligence and machine learning	7 (31.8)	2 (9.1)	8 (36.4)	2 (9.1)	3 (13.6)	2.64	1.40
The institution has a robust foreign exchange risk management framework	5 (22.7)	4 (18.2)	8 (36.4)	3 (13.6)	2 (9.1)	2.68	1.29
The institution employs foreign exchange forward contracts	8 (36.4)	3 (13.6)	6 (27.3)	2 (9.1)	3 (13.6)	2.50	1.46
The institution has integrated foreign exchange risk monitoring into its strategic decision-making	5 (22.7)	3 (13.6)	8 (36.4)	5 (22.7)	1 (4.5)	2.73	1.20
The institution settles its foreign currency denominated payable early	6 (27.3)	5 (22.7)	4 (18.2)	3 (13.6)	4 (18.2)	2.73	1.46
The institution delays in collecting its foreign currency denominated receivables	8 (36.4)	3 (13.6)	3 (13.6)	5 (22.7)	3 (13.6)	2.64	1.56
Average						**2.65**	**1.40**

The analysis of Table 4.4, which provides Foreign Exchange Risk Management and Religious Health Institutions' Financial Performance information, reveals that forex risk management practices are relatively underdeveloped or inadequately practiced in most institutions. Use of sophisticated technologies such as machine learning and artificial intelligence to identify and control forex risks was given a low mean score of 2.64 with a standard deviation of 1.40, with

40.9% of the respondents (n = 9) either disagreeing or strongly disagreeing. Only 22.7% of respondents agreed or strongly agreed, and this indicates that it is not many RHIM that have implemented technological or digital solution when it comes to identifying, assessing, and mitigating foreign exchange risks.

Similarly, the existence of a robust foreign exchange risk management framework was not strongly established in many RHIM. On average, represented by the mean 2.68 and standard deviation of 1.29, respondents (40.9%) did not agree that their institutions possess such frameworks, while 22.7% agreed. This suggests that systematic and documented processes for foreign exchange exposure management, transaction and translation risks, for example are lacking or poorly understood in most RHIM.

On the matter of employing hedging instruments such as foreign exchange forward contracts, the results were even more concerning. This question recorded the lowest mean of 2.50 and a fairly high standard deviation (1.46), which reflected widespread disagreement and scatter. Fifty percent of the participants strongly disagreed or disagreed with this statement, reflecting that not many RHIM utilize active financial instruments to hedge forex volatility. The statement that forex risk monitoring is an integral part of strategic decision-making was slightly higher with a mean of 2.73 (and standard deviation 1.20). However, 36.3% of respondents disagreed or strongly disagreed. Strong agreement or agreement with the same statement from 27.2% of the respondents indicates that institutions do recognize the strategic benefit of forex exposure but that this is not widespread practice.

In operational strategies, views were also divided. The idea of prepaying foreign currency-denominated payables to cover against unfavorable movement of currencies was given a mean of

2.73 (with a standard deviation of 1.46). The practice was disagreed or strongly disagreed by 50% in the responses, and collectively 31.8% were in agreement with it. Its mirror strategy of delaying receivables in order to enjoy favorable movement was given a mean of 2.64 (with a standard deviation of 1.56). The results show that majority of RHIM do not engage in covering against unfavourable currency movements by prepaying their foreign-denominated payables.

Similar trends were observed in most RHIM (represented by 50% of respondents, and with a mean of 2.64 and standard deviation of 1.56) which indicated that they do not delay in collecting its foreign currency denominated receivables so as to take advantage of any favourable forex fluctuations. This was against the minority of 36.3% of the respondents who either agreed (22.7%) or strongly agreed (13.6%) that they delayed in collecting their foreign-denominated receivables to wait for favourable forex fluctuations.

From the foregoing, it can be concluded that the foreign exchange risk management is either weakly institutionalized, reactive, or negligible in most religious health institutions. The low mean scores and high standard deviations for all items signify wide gaps in both the practice and knowledge of forex reduction tools and policies. The general failure to take proactive actions, like early settlement of payables, use of forwards, or risk consideration in strategic planning leaves RHIM vulnerable to currency fluctuation, which can impact negatively on their financial performance, where foreign exchange transactions or donor assistance are involved. Institutional capacity to mitigate foreign exchange risks must be supported through training of personnel on issues such as policy; the organisations' active and deliberate development of policies for mitigating foreign exchange risks; and the implementation and use of technology in the risk management processes.

This study is supported by Lushibashi and Mweshi (2023) who found that FX rate fluctuations significantly influence the financial performance of foreign companies in Zambia and as such proposed that managing currency risk through effective risk management practices must become a crucial component for organisations, especially for foreign companies, when they are trying to navigate through a volatile FX market.

4.2.2.4 Operational Risk Management and the Financial Performance of Religious Health Institutions

Table 4.8 Operational Risk Management and the Financial Performance of Religious Health Institutions

Statement	*(SD) %*	*(D) %*	*(N) %*	*(A)%*	*(SA) %*	*Mean*	*Std. Dev.*
The institution has a system for communicating operational risks	2 (9.1)	3 (13.6)	3 (13.6)	9 (40.9)	5 (22.7)	3.55	1.29
The institution has a robust operational risks portfolio	2 (9.1)	3 (13.6)	3 (13.6)	9 (40.9)	5 (22.7)	3.55	1.29
The institution maintains a good number of specialists in different fields of medicine	2 (9.1)	1 (4.5)	2 (9.1)	9 (40.9)	8 (36.4)	3.91	1.20
The institution offers periodic training on new and enduring technologies and processes	1 (4.5)	2 (9.1)	4 (18.2)	8 (36.4)	7 (31.8)	3.82	1.11
The institution leverages AI and machine learning for risk management processes	2 (9.1)	6 (27.3)	6 (27.3)	7 (31.8)	1 (4.5)	2.95	1.14
The institution engages key stakeholders across departments when developing operational risk management plans	2 (9.1)	2 (9.1)	3 (13.6)	10 (45.5)	5 (22.7)	3.64	1.24
The institution has a business continuity plan	3 (13.6)	2 (9.1)	3 (13.6)	9 (40.9)	5 (22.7)	3.50	1.37
Average						**3.56**	**1.23**

Examination of Table 4.5 on Religious Health Institutions' Operational Risk Management (ORM) and Financial Performance shows that, in general, the institutions exhibit a fairly good knowledge and average practice of operational risk controlling measures, but there are some aspects which still need to be improved.

First, the statement "The institution has a comprehensive system for communicating operational risk types, exposure levels, control strategies, and monitoring efforts" had a mean value of 3.55 and a standard deviation of 1.29. 63.6% of the respondents agreed or strongly agreed with the statement, reflecting that institutions are effectively disseminating information on exposures to risks and are at the same time able to outline corresponding measures of control for such risks. But the 22.7% who strongly disagreed or disagreed verify that communication structures are not as strong across all RHIM.

Similarly, the assertion "The institution has a robust operational risks portfolio differentiating people, process, systems, and external risks with mitigation strategies" had a mean of 3.55 and a standard deviation of 1.29. This is similar to the earlier finding, supporting that most institutions differentiate different aspects of operational risk and attempt to categorize and mitigate them in an efficient manner. However, a considerable percentage (22.7%) expressed disagreement, implying institutional variation.

One of the most highly rated statements was "The institution has a sufficient number of specialists in different fields of medicine", with the highest mean score of 3.91 and a relatively low standard deviation of 1.20. With 77.3% either agreeing or strongly agreeing, the indication is that there exist strong institutional amongst the RHIM in terms of strength in human resource, a component which can contribute to operational efficiency in health service delivery.

Most Institutions also appear to take seriously the issue of offering periodic trainings especially on new and enduring technologies and processes to their employees. The statement “The institution offers regular training in new and persistent technologies and processes” had a mean of 3.82 with a standard deviation of 1.11, and with 68.2% of the respondents agreeing. This reflects a progressive attitude in the institutions to keep their staff updated and competent in light of evolving technologies and processes, thereby making sure that employees are always aware of the basics of their professions, thereby reducing operational errors while enhancing efficiency.

On the other hand, the statement “The institution employs AI and machine learning for risk identification, assessment, mitigation, and real-time reporting” had the lowest mean of 2.95 and standard deviation of 1.14. It was agreed by or strongly agreed by only 36.3%, while 36.4% disagreed. This reflects a gap in the utilization of advanced digital tools for operational risk management highlighting an area of significant investment and capacity development in RHIM.

There was positive engagement shown in the responses to the statement “The institution engages main stakeholders from various departments when they formulate operational risk management plans”, which scored a mean of 3.64 and standard deviation of 1.24. With agreement pegged at 68.2%, it indicates the institutions’ willingness to a participative approach when it comes to formulating ORM strategies. Participative approach in developing policies can facilitate the implementation of policies which are easily accepted by the majority in the institution.

Lastly, the existence of business continuity plans was moderately established with a mean of 3.50 and a standard deviation of 1.37. In this case, 63.6% of the participants indicated that they agreed or strongly agreed that the plans exist in order to ensure service continuity during disruptions. This indicates awareness of the need for resilience, but the relatively high standard

deviation and 22.7% disagreement suggest that all institutions are not well prepared to deal with potential shocks in the area of operations.

In sum, results presented here indicate a mixed but largely optimistic picture of operational risk management in religious health institutions. While overall human resource capability, stakeholder engagement, and training are present in the majority of institutions, there are clear gaps in digital readiness and consistency of communication systems. Enhancing the adoption of technology, especially AI-driven risk management solutions, and institution-wide continuity planning can also help in boosting resilience and financial performance outcomes.

The findings of this study are similar to the a study carried out by Hudáková et al. (2023) on identifying and quantifying the differences in operational risk management and the effect thereof on the financial management of small and medium enterprises (SMEs) in Central European countries. In the study by Hudáková et al., the results showed that operational risk management has a significant positive impact on the improvement of profitability of the SMEs while at the same time reducing their exposure to excess debt.

4.3 Diagnostic Test Results

This section presents data analysis on the Normality test results, multi-collinearity test results, and homoscedasticity results. Diagnostic tests were conducted in this study to evaluate the adequacy of the data for advanced statistical analyses, particularly regression analysis, which is fundamental to achieving the research objectives. These tests were necessary to ensure compliance with the core assumptions of the classical linear regression model, including normality of residuals, linearity, independence of errors, homoscedasticity, and the absence of

multi-collinearity. Failure to verify and meet these assumptions, or to conduct the appropriate diagnostic checks, may undermine the validity of the model and lead to biased, inefficient, or unreliable parameter estimates, thereby weakening the credibility of the study's findings (Mugenda & Mugenda, 2019).

4.3.1 Normality Test Results

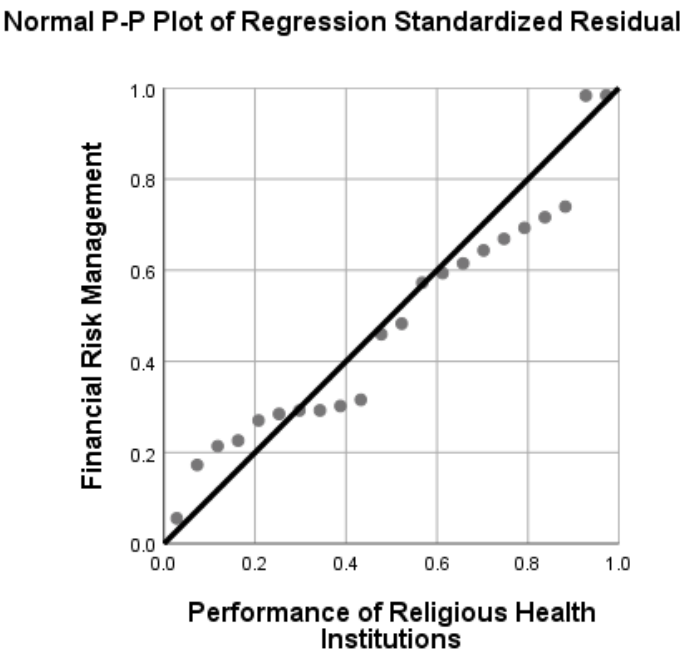


Figure 4.3. Normality Test Results

The Normal Probability–Probability (P–P) Plot in Figure 4.3 is used to check the assumption of normality of residuals in a regression. In this, the cumulative observed probabilities of the standardized residuals are plotted against the expected cumulative probabilities under a normal distribution. Hypothetically, if the residuals would be normally distributed, the points should lie more or less on the diagonal 45-degree line, such as they exactly trace the normal distribution. In this instance, the points on the graph lie very close to the diagonal line, with slight deviations at the extremes. This graphical conformity indicates that the standardized residuals are normally

distributed, hence meeting one of the fundamental assumptions of multiple linear regression. Normality of residuals is crucial for hypothesis testing validity, confidence intervals, and even the general reliability of the regression model's conclusions.

Hence, this P–P plot confirms that the regression model employed to predict the performance of religious health institutions is obeying the normally distributed errors assumption, making the statistical results and conclusions based on the model credible.

4.3.2 Multi-collinearity Test Results

Table 4.9 Multi-collinearity Test Results

Predictors	Tolerance	VIF
Liquidity Risk Management	.781	1.28
Credit Risk Management	.800	1.25
Foreign Exchange Risk Management	.763	1.31
Operational Risk Management	.787	1.27

Table 4.8 presents multi-collinearity diagnostics for the four independent variables utilized in the regression model, such as liquidity risk management, credit risk management, foreign exchange risk management, and operational risk management. Multi-collinearity has been employed to present the level to which independent variables co-vary with each other, which usually inflates standard errors, distorts the statistical significance of predictors, and contaminates the reliability of the regression model.

In the present analysis, Variance Inflation Factor (VIF) values of all the predictors range between 1.25 and 1.31, which are significantly less than the commonly practiced cut-point of 10. This shows that multi-collinearity is not an issue here, as the predictors are not very inter-correlated.

Further, tolerance values, which are the inverse of VIF, range from 0.763 to 0.800. These high tolerance levels further indicate the absence of multi-collinearity in the independent variables.

It is clear that the multi-collinearity testing is unanimous that all the predictors have individual contributions to explaining the dependent variable's variance-religious health institution performance without redundancy. This strengthens the validity of the regression results, as the coefficients could be interpreted more confidently in light of their individual contribution.

4.3.3 Homoscedasticity Test Results

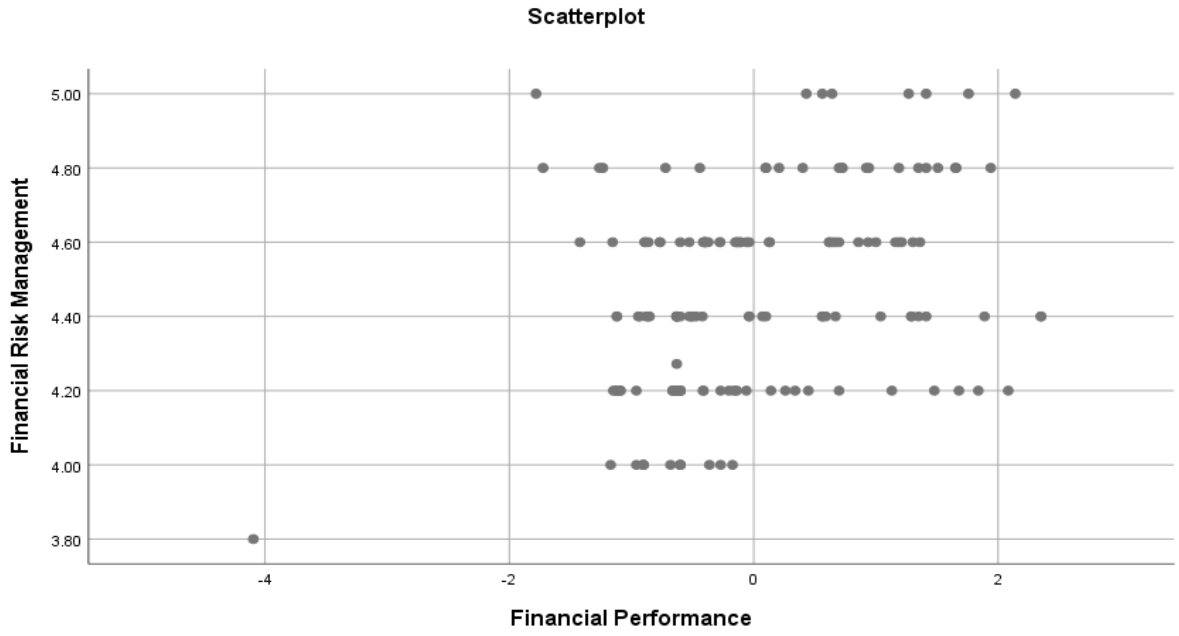


Figure 4.4. Homoscedasticity test results

From figure 4.4. above, the pattern of financial risk management (Y-axis) against financial performance (X-axis) indicates that the residual pattern is relatively uniform across the anticipated range of values, with no apparent funnel shape or variation in spread patterns. The points on the graph appear to be randomly scattered, which is to say, the variance of residuals

remains relatively uniform. This graphical trend suggests that there is no heteroscedasticity, and the regression model satisfies the assumption of homoscedasticity. Statistically, the uniform distribution of residuals across fitted values ensures that the model's standard errors are trustworthy, including hypothesis tests and confidence intervals derived from the regression will prove to be valid.

4.4 Regression Analysis Results

Regression analysis is a statistical technique used to examine the relationship between one dependent variable and one or more independent (predictor) variables. Its main purpose is to model and analyze how changes in the predictor variables are associated with changes in the outcome variable.

Table 4.10 Regression Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.642[a]	.413	.274	.25065	.413	2.985	4	17	.049

a. Predictors: (Constant), Operational Risk Management, Foreign Exchange Risk Management, Credit Risk Management, Liquidity Risk Management
b. Dependent Variable: Financial Performance of Religious Health Institutions

Table 4.9 presents the multiple linear regression model summary of a multiple linear regression test examining the effect of various types of risk management; Operational Risk Management, Foreign Exchange Risk Management, Credit Risk Management, and Liquidity Risk Management on Religious Health Institutions' Performance. The model generated an R value of 0.642,

indicating a moderately strong positive association between the independent variables and the dependent variable. The R Square of 0.413 indicates that 41.3% of the variance in religious health institution performance is accounted for by the four risk management practices covered under the model.

Adjusted R Square, taking into consideration the number of predictors and sample size, is 0.274. This lower number indicates that while the model does explain a large portion of variance, part of this explanatory power may be spurious by the ratio of predictors to sample size. The standard error of estimate (0.25065) is the average difference between observed and fitted values; a smaller standard error would indicate a more fitting model.

The F-statistic value of 2.985 with Sig. F Change of 0.049 indicates that the overall regression model is statistically significant at 5% level. This means that religious health institution performance is significantly predicted by risk management practices as a whole, though to a little degree.

Therefore, the findings confirm that operational, credit, liquidity, and foreign exchange risk management has a high and statistically significant positive effect on religious health institution financial performance. However, despite more than half (58.7%) of the variation in performance still to be accounted for by this model, other factors outside of these four types of risk management also seem to have an important part to play and should be examined in later research.

Table 4.11 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.750	4	.188	2.985	.049[b]
	Residual	1.068	17	.063		
	Total	1.818	21			

a. Dependent Variable: Performance of Religious Health Institutions
b. Predictors: (Constant), Operational Risk Management, Foreign Exchange Risk Management, Credit Risk Management, Liquidity Risk Management

Table 4.10 represents the Analysis of Variance (ANOVA) of the regression model to examine the impact of four financial risk management practices: Operational Risk Management, Foreign Exchange Risk Management, Credit Risk Management, and Liquidity Risk Management, on the financial performance Religious Health Institutions. The total sum of squares for regression is 0.750, and for residuals is 1.068, making the total sum of squares equal to 1.818. This means that some of the overall variation in institutional performance is accounted for by the regression model.

The mean square for regression is 0.188 while the mean square for the residual is 0.063. The calculated F-statistic is 2.985, the same as in the model summary (Table 4.8), which shows overall strength of the model. The corresponding significance level (Sig.) is 0.049, indicating that the regression model is significant at the 5% level ($p < 0.05$). This means that, collectively, risk management practices identified as predictors account statistically for variance in religious health institution performance.

Overall, the ANOVA findings corroborate those of the model summary, testifying that risk management practices and institutional performance have a statistically significant relationship. Even though the model is not explaining all the variation in performance outcomes, the p-value shows that these elements of risk management are important and valuable contributors. Institutions that focus on and adopt conservative approaches to operational, credit, liquidity, and foreign exchange risk management can be placed in a position to perform more to the best degree.

Table 4.12. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.916	.243		3.766	.002
	Liquidity Risk Management	.455	.150	.435	.900	.008
	Credit Risk Management	.372	.160	.398	-.601	.031
	Foreign Exchange Risk Management	.299	.120	.422	1.243	.023
	Operational Risk Management	.281	.140	.355	-1.462	.059

a. Dependent Variable: Performance of Religious Health Institutions

Rule of variable correlations: when P-value is less or equal to 0.05, there exists a significant relationship between the variables while P>0.05 shows no significant relationships.

From these results, the specific model becomes:

$$Y = .916 + .455\ LRM + .372\ CRM + .299 FXRM + .281\ ORM + \varepsilon$$

Table 4.12 presents the regression coefficients of the relationship between various risk management practices and religious health institutions' financial performance. From the analysis, the four risk management categories of liquidity, credit, foreign exchange, and operational each have a positive impact on institutional performance to varying degrees. Notably, the relationships are supported by statistically significant p-values in all but one case, indicating that the predictors significantly account for performance variation.

Starting with liquidity risk management, the unstandardized coefficient (B = 0.455) and Beta (0.435) signify a highly significant positive influence on performance. The t-statistic of 0.900 and p-value of 0.008 suggest that the relationship is statistically significant at the 1% level. This suggests improved practice in liquidity management leads to improved performance in religious health institutions, owing to improved short-term financial stability and adaptability to short-term cash flow needs. A similar finding was given by Keben and Maina (2018) whose study found that liquidity risk management was a significant factor when it came to improving the financial performance of SACCOs in Uasin Gishu County.

Credit risk management is also positively associated, with a coefficient of 0.372 and a Beta of 0.398. Although the t-value is noted as -0.601, the p-value of 0.031 indicates statistical significance at the 5% level. The implication is that effective credit risk management practices, such as minimizing default risk and ensuring prudent lending or credit extension policies-plays an important part in enhancing institutional financial performance. The findings compares with a that of Ndyagyenda (2020) who showed at 95% confidence level that credit appraisal, risk diversification and credit control significantly influenced the financial performance of the Bank of Africa (U) Ltd.

For foreign currency risk management, the coefficient (B = 0.299) and Beta (0.422) show a moderately high positive relationship with performance. The t-value of 1.243 and p-value of 0.023 show significance at the 5% level, suggesting that institutions exposed to fluctuations in currencies are assisted by risk management practices securing financial stability. This could be particularly applicable in institutions involved with international donors, suppliers, or transactions. In similar vein, Maitha (2020) concluded that there exists a statistically fairly strong relationship between FX risk management practices (measured by use of forward exchange contracts, currency options, currency futures, swaps, currency invoicing and netting) and the financial performance (measured by ROA).

Operational risk management is also positively associated with performance with B = 0.281 and Beta = 0.355. The t-value of -1.462 and the p-value of 0.059 places the result at the 10% level of significance, indicating a marginally significant relationship. This suggests that activity in controlling internal processes, human error, and system weaknesses contributes to improved performance, although with weaker evidence than some other predictors. Isoh et al. (2020) in their study concluded that internal operational risk management practices, risk monitoring and control, and training and reporting had a significant positive impact on financial performance. This finding supports the current study's findings.

Findings revealed that the analysis is employed to demonstrate that liquidity, credit, and foreign exchange risk management practices are statistically significant and positively related to religious health institutions' financial performance. Operational risk management, which is also positively associated but marginally significant, substantiates this statement. The implications of

the findings highlight the importance of integrated risk management frameworks in enhancing the sustainability and efficiency of faith-based health institutions.

4.5 Hypothesis Testing

Hypothesis testing is a fundamental statistical method used to make inferences or draw conclusions about a population based on sample data. It involves formulating two opposing statements: the null hypothesis (H_0), which assumes there is no effect or relationship, and the alternative hypothesis (H_1 or Ha), which posits the presence of an effect or relationship.

Table 4. 13 Hypothesis Testing

Hypothesis	Variable	Test Result	Interpretation
$H_{01:}$ Liquidity risk Management has no Statistically significant influence on financial performance of religious health institutions.	Liquidity Risk Management	$\beta = 0.435$, $p < 0.008$ (**Significant**)	**Rejected null hypothesis-** Liquidity risk management has statistically significant influence on financial performance of religious health institutions in Malawi.
H_{02}: Credit risk management has no statistically significant influence on financial performance of religious health institutions.	Credit Risk Management	$\beta = 0.398$, $p < 0.031$ (**Significant**)	**Rejected null hypothesis-** Credit risk management has statistically significant influence on financial performance of religious health institutions in Malawi.
H_{03}: Foreign exchange risk management has no statistically significant influence on financial performance of religious health institutions.	Foreign Exchange Risk Management	$\beta = 0.422$, $p < 0.023$ (**Significant**)	**Rejected null hypothesis-** Foreign exchange risk management has statistically significant influence on financial performance of religious health institutions in Malawi.
H_{04}: Operational risk management has no st atistically significant influence on financial performance of religious	Operational Risk Management	$\beta = 0.355$, $p < 0.059$ (**Significant**)	**Rejected null hypothesis-** Operational risk management has statistically significant influence on financial

health institutions.	performance of religious health institutions in Malawi.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusions and recommendations of this study for further action and future research directions in Malawi. The main objective of this study was to investigate the influence of financial risk management on the financial performance of religious health institutions in Malawi. From this main objective, the study sought to find out if liquidity risk management practices, credit risk management practices, foreign exchange risk management practices, and operational risk management practices, have any influence of the performance of religious health institutions in Malawi.

5.1 Summary of the Findings

The study was conducted based on the premise that FRM practices do not have any influence on the performance of religious health institutions in Malawi. This study reviewed both theoretical and empirical literature from which the conceptual framework of the relationship between FRM practices and financial performance of religious health institutions was drawn. It was this conceptual framework that guided this study.

With reference to the conceptual framework and the objectives of this study, a questionnaire and a survey data sheet were drawn and used for data analysis which have been presented and discussed in the foregoing chapter. Herewith is a summary of those findings highlighted in relation to the objectives of this study.

5.1.1 Influence of liquidity risk management on the performance of Religious Health Institutions

Regression analysis showed that there was a positive and significant relationship between liquidity risk management practices and the financial performance of religious health institutions. This relationship was demonstrated by the regression coefficient of 0.455 at 0.008 significant levels. The R-squared was at 41.3% of the variation in financial performance of the religious health institutions in Malawi. An F statistic of 2.985 demonstrated that the model was significant. And this was supported by a significance of 0.049 indicating that the regression model is significant at the 5% level ($p < 0.05$). These findings led to the rejection of the null hypothesis, and consequently, accepting the alternative hypothesis, namely that liquidity risk management practices do affect the financial performance of religious health institutions in Malawi.

5.1.2 Influence of credit risk management on the performance of Religious Health Institutions

Here the regression analysis showed that there was a positive and significant relationship between liquidity risk management practices and the financial performance of religious health institutions. This relationship was demonstrated by the regression coefficient of 0.372 at 0.031 significant levels. The R-squared was at 41.3% of the variation in financial performance of the religious health institutions in Malawi. An F statistic of 2.985 demonstrated that the model was significant. And this was supported by a significance of 0.049 indicating that the regression model is significant at the 5% level ($p < 0.05$). These findings led to the rejection of the null hypothesis, and consequently, accepting the alternative hypothesis, namely that credit risk management practices do affect the financial performance of religious health institutions in Malawi.

5.1.3 Influence of foreign exchange risk management on the performance of Religious Health Institutions

On the influence of foreign exchange risk management practices on the performance on religious health institutions, the regression analysis showed that there was a positive and significant relationship between liquidity risk management practices and the financial performance of religious health institutions. This relationship was demonstrated by the regression coefficient of 0.299 at 0.023 significant levels. The R-squared was at 41.3% of the variation in financial performance of the religious health institutions in Malawi. An F statistic of 2.985 demonstrated that the model was significant. And this was supported by a significance of 0.049 indicating that the regression model is significant at the 5% level ($p < 0.05$). These findings led to the rejection of the null hypothesis, and consequently, accepting the alternative hypothesis, namely that foreign exchange risk management practices do affect the financial performance of religious health institutions in Malawi.

5.1.4 Influence of Operational Risk Management on the Performance of Religious Health Institutions

Here the regression analysis showed that there was a positive and significant relationship between liquidity risk management practices and the financial performance of religious health institutions. This relationship was demonstrated by the regression coefficient of 0.281 at 0.059 significant levels. The R-squared was at 41.3% of the variation in financial performance of the religious health institutions in Malawi. An F statistic of 2.985 demonstrated that the model was significant. And this was supported by a significance of 0.049 indicating that the regression model is significant at the 5% level ($p < 0.05$). These findings led to the rejection of the null hypothesis, and consequently, accepting the alternative hypothesis, namely that operational risk

management practices do affect the financial performance of religious health institutions in Malawi.

5.2 Conclusion

Based on the empirical evidence gathered from this study, a number of conclusions can be drawn.

5.2.1 Influence of liquidity risk management on the performance of Religious Health Institutions

The positive and significant correlation between liquidity risk management practices and the financial performance of religious health institutions demonstrates that the managements of most RHIM should take considerable effort in ensuring that they leverage their institutions' financial performances through deliberate employment of a robust liquidity risk management practice. And since the results of the study have shown that most of the RHIM have poorly developed liquidity risk management practices, they may benefit, for example, if they will consider issues like re-investing surplus liquidity, so that they may be able to mitigate the risks that arise from having too much liquidity.

5.2.2 Influence of credit risk management on the performance of Religious Health Institutions

The findings of the study show that credit risk management is important in influencing financial performance of religious health institutions in Malawi. However, while most religious health institutions have done their best to develop credit policies and develop credit risk awareness within the institutions, overall, credit risk management practices have not been fully embraced in most of these institutions. For example, most institutions do not employ collateral when

rendering their services; and, technologically, most institutions do not seem to have implemented modern ways of identifying, assessing and mitigating risks, through, for example, leveraging developments in artificial intelligence. It will be beneficial for the RHIM if they would all have credit risk management practices which are fully operational to maximize the benefits that result from properly mitigating credit risks.

5.2.3 Influence of foreign exchange risk management on the performance of Religious Health Institutions

Through the findings of this study it has also been shown that foreign exchange risk management practices do have an influence on the financial performance of religious health institutions. Noting that most, if not all the religious health institutions rely to some extent on financial resources coming from outside Malawi, while at the same time most of their purchases of medical equipment and medications, for example, has to be done outside the country, it suffices to say that the RHIM need to have a grounded and robust foreign exchange risk management system that will go a long way to help these institutions in dealing with issues pertaining to foreign exchange exposures in the name of economic risks, translation risks, and transaction risks. The results of the study, however, have shown that most RHIM do not take a proactive stand when it comes to use of such things as hedging instruments such as forward contracts, or settling their foreign-based payables early, or collecting on their foreign-based receivables late to overcome or benefit from currency fluctuations.

5.2.4 Influence of Operational Risk Management on the Performance of Religious Health Institutions

Finally, the study findings have shown that it is only in operational risk management practices that most of the RHIM have demonstrated a fairly good knowledge and practice of risk

management. However, the data studied shows a mixed albeit a largely optimistic picture of ORM practice in the religious health institutions. While things such as stakeholder engagement, human resource capacity, and training provision to employees are, there are still some gaps in most institutions' investment in modern technology as a tool for identifying, assessing, and mitigating operational risks. There are also gaps in in institution-wide continuity planning which can also help in mitigating operational risks while at the same time ensuring financial performance. And since the results of this study also indicate that ORM practices do influence financial performance, it is imperative that the managements in RHIM should take a deliberate effort in ensuring that ORM practices are fully operational in their institutions.

5.3 Recommendations

5.3.1 Liquidity Risk Management

The study findings have established that LRM practices positively and significantly influence the performance of RHIM. Therefore, it is crucial that both CHAM and its affiliates, the RHIM, to establish policies which will ensure that there is a full adoption of LRM practices. Specifically, the RHIM would want to make an effort to ensure that they develop health LRM practices such as investing surplus liquidity, so as maintain a healthy threshold for mitigating liquidity risks.

5.3.2 Credit Risk Management

While there is a positive and significant influence of CRM over RHIM's financial performance, the biggest challenge is on how the RHIM can translate this result into a tool that can help them withstand credit risk-related losses. Therefore, it is essential that the CHAM and RHIM should take steps to ensure that the institutions would develop policies which will enhance establishment of credit appraisal policies, maintenance of robust liquidity positions, institution of

credit administration committees, and employment of modern technologies in risk identification, analysis, and mitigation processes.

5.3.3 Foreign Exchange Risk Management

With FXRM having a positive and significant influence on the financial performance of the RHIM, there is still some work which CHAM and RHIM have to do to fully benefit from this reality. First, RHIM may want to fully embrace the use of modern technologies such as AI in their risk management practices. Indeed, the RHIM should develop robust FX management frameworks which will help in determining frequency and impact of transaction risks and how to mitigate the. The institutions are also encouraged to adoption of use of FX derivatives such as forward contracts. And they should develop the hunger to settle their FX denominated payables early, while delaying collecting on their FX denominated receivables to take advantage of FX fluctuations.

5.3.4 Operational Risk Management

ORM practices had a moderately positive and significant influence on the performance of the RHIM. While most institutions demonstrated a good level of ORM practice implementation, there is still some work which the institutions need to do especially in terms of leveraging new technologies such as AI and machine learning in their risk management processes. Furthermore, there is need for CHAM and RHIM to develop policies which will help the institutions to develop business continuity plans which will in turn help minimize downtime, maintain client trust, and help them to easily recover from disruptions.

5.4 Areas for Further Research

The results of this study show that the development and adoption of FRM in the RHIM is on average at a business level with only roughly 27% of the institutions at implementation level, a level at which the organisation can be said to have fully embraced FRM. Although most of the RHIM have embraced some form of FRM financial performance seem to be below par. Therefore, the study recommends further research to establish the reasons as to why full adoption of FRM practices has been minimal in the RHIM. For this reason, any future study may adopt a mixed methods research to account for the qualitative data which may not have been utilized in this research.

Furthermore, further research is recommended for other variables that may influence financial performance in religious health institutions such as market risk, legal or regulatory risk, and strategic risk.

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APPENDICES

Appendix I: Questionnaire

Questionnaire Number ----------

I am a postgraduate student at the Catholic University of Eastern Africa, currently pursuing a master's degree in Business Administration. My thesis topic is: '**Financial Risk Management and Performance of Religious Health Institutions in Malawi**'. The study entails collection of data from health institutions (specifically full hospitals under CHAM) in Malawi and analysis of their financial statements. I am appealing for your support in this endaevour by filling in this questionnaire to enable me gather data for the study. The data collected from this research will be used only for academic purposes and confidentiality will be maintained.

The document is divided into sections: A and B.

A. GENERAL INFORMATION

1. Identification Particulars

Name of your institution: _____

Address:

_____

_____

Location:

_____

2. Under the appropriate employment level indicate whether you are aware of any financial risks affecting your institution.

Level	Aware	Not Aware
Top Management [ ]	[ ]	[ ]
Mid-Level [ ]	[ ]	[ ]
Technical Level [ ]	[ ]	[ ]

3. What is the average geographical distribution of your clientele?

District [ ]

Regional [ ]

National [ ]

International [ ]

4. On average, what is the income status of your clientele?

Low income [ ]

Middle income [ ]

Affluent [ ]

5. a). Are there financial risks affecting your institution? YES [ ] NO [ ]

b). Name the key financial risks that affect your institution.

_____
_____
_____
_____

6. Indicate the preferred method your firm uses to mitigate against, or to prevent risks.

i. Risk aversion [ ]

ii. Risk acceptance [ ]

iii. Risk sharing [ ]

iv. Risk reduction [ ]

7. How would you rate the level of financial risk management (FRM) implementation in your organisation?

Where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

	Level of FRM Implementation	1	2	3	4	5
A	10 – 40 % (Foundation Level)					
B	41 – 60 % (Business Level)					
C	61 – 100% (Implementation Level)					

Key:

10 – 40% (Foundation Level): Initial stages with activities such as department-level risk commitment

41 – 60 % (Business Level): Intermediate stage where FRM practices are devolved throughout the organisation

61 – 100% (Implementation Level): Maturity stage which involves creating commitment and accountability by connecting all the segments dealing with FRM in an organization

B: FINANCIAL RISK MANAGEMENT PRACTICES

Please appropriately indicate the extent to which your institution has engaged in the following financial risk management practices and the extent of the influence these practices have had on the institution's financial performance (use the scale below to tick the most appropriate response).

KEY: 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree

	FRM PRACTICES	1	2	3	4	5
Liquidity Risk Management						
1.	The institution has clearly defined and identified the liquidity risks to which it is most susceptible to, and accordingly established mitigation strategies.					
2.	The institution is more exposed to funding liquidity risks than asset (market) liquidity risks.					
3.	The institution has the ability to absorb liquidity shocks since it maintains a healthy liquidity ratio, namely its liquid assets to total assets ratio.					
4.	The institution has the ability to cope with high liquidity demands in the short term since it maintains healthy current and quick ratios.					
5.	The institution maintains highly diversified sources of funding. That is to say, it does not rely on a single source of funding for a variety of its projects.					

6.	The institution invests excess liquidity available to maintain a robust operational reserve.					
7.	The institution monitors data that is correlated to liquidity risks and thus it is able to identify the existence of conditions that could give rise to these particular risks.					
8.	The institution utilizes current information technology when identifying, assessing, and mitigating liquidity risks.					
Credit Risk Management						
1.	The institution has a credit appraisal policy to ensure that only credit-worthy borrowers have access to loanable funds. The same policy outlines guidelines and limits for offering services to clients on credit.					
2.	The institution maintains a robust liquidity position to offset any eventualities related to defaulters and borrowers who do not meet their financial obligations in time.					
3.	The institution has a credit administration committee which conducts necessary loan or credit appraisals and monitors the loans or credit performance from the time of borrowing (or receiving service on credit) to the time of repayment completion.					
4.	The institution utilizes modern technologies such as advanced analytics, machine learning, and digital platforms to identify, assess, and manage credit risk.					
5.	The institution utilizes the use of collateral in granting loans, or when offering services to clients on credit.					
6.	The institution maintains ethical practice when granting loans or offering services to its clients on credit to protect its reputation and avoid legal and regulatory consequences, both of which have financial repercussions.					
7.	The institution ensures that all the relevant departments are aware of credit policies and procedures.					

Foreign Exchange Risk Management						
1.	The institution uses modern technologies such as artificial intelligence and machine learning to identify, assess, and mitigate against foreign exchange risks.					
2.	The institution has a robust foreign exchange risk management framework which clearly shows the frequency and impact of transaction risks and outlines the implementation of foreign currency risk management strategies.					
3.	The institution employs foreign exchange forward contracts as a method for hedging against currency fluctuations.					
4.	The institution has integrated foreign exchange risk monitoring into its strategic decision-making to better anticipate foreign exchange risk exposures, and consequently implement foreign exchange risk mitigation strategies in time.					
5.	The institution settles its foreign currency denominated payables early to mitigate against unfavourable exchange rate fluctuations.					
6.	The institution delays in collecting its foreign currency denominated receivables so as to take advantage of any expected favourable exchange fluctuations.					
Operational Risk Management						
1.	The institution has a comprehensive system for communicating operational risk types identified, exposure levels of the institution to such risks, control strategies for the risks, and monitoring efforts within the institution.					
2.	The institution has a robust operational risk portfolio which clearly distinguishes people risks, process risks, systems risks, and external risks, and accordingly outlines mitigating strategies.					
3.	The institution maintains a good number of specialists in different fields of medicine.					
4.	The institution offers periodic training on new technologies and					

	processes, and refresher courses and trainings on enduring technology and processes to employees to keep them up-to-date and up-to-speed on essential systems and processes pertaining to their profession.					
5.	The institution leverages modern technology such as AI and machine learning when identifying risks through data analysis, assessing risks, mitigating against both internal and external operational risks, and providing a platform for real-time reporting of incidents.					
6.	The institution engages key stakeholders from different departments within the organization when developing an operational risk management plan.					
7.	The institution has a business continuity plan to help minimize downtime, maintain client trust, and recover more quickly from unforeseen disruptions.					

Appendix II: Record Survey Sheet

Requested Attachments
Financial statements (for years 2019-2023)
Risk monitoring report (if available)

In case where you are unable to submit the financial statements, please do furnish us with the following information.

	2019	2020	2021	2022	2023
Institution's Unrestricted Net Assets					
Institution's Total Annual Expenses					

THANK YOU!!

Appendix III: Research Dissemination Strategy

RESEARCH DISSEMINATION STRATEGY	
OBJECTIVES	The main objectives for disseminating the results of this proposed research will be to increase awareness of my topic amongst academics and policy makers as relates to the relationship between financial risk management practices and financial performance of not-for-profit hospitals and, therefore, stir more research in the area which might lead to policies that further enhance the incorporation financial risk practices in no-for-profit organisations in general.
AUDIENCES	The main target audience for this prospective research are academics and policy makers.
MESSEGAES	This prospective research will determine whether financial risk management practices, namely liquidity risk management, credit risk management, foreign exchange risk management, and operational risk management have any influence on the financial performance of faith based hospitals in Malawi.
PRODUCTS	The results of this will be disseminated through an article to be published in a peer-reviewed journal, and in a thesis format which will be uploaded by the researcher on Academia (an online academic social network). The thesis in its soft copy form will be distributed to all the participants of the study.
PLATFORMS	The main platforms for dissemination will be peer-reviewed journal and Academia (an online academic social network).
RESOURCES	Financial resources have been set aside for publication of the results in a peer-reviewed journal, whereas Academia provides a possibility for free dissemination of products.
EVALUATION	The easiest product to be easily evaluated in terms of impact will be the thesis product disseminated through Academia which I will evaluate through web analytics.

Appendix IV: Informed Consent Form

INFORMED CONSENT FORM

TITLE OF STUDY:

FINANCIAL RISK MANAGEMENT AND FINANCIAL PERFORMANCE OF RELIGIOUS HEALTH INSTITUTIONS IN MALAWI

PRINCIPAL INVESTIGATOR

Emmanuel Nyerere (MBA Finance candidate)
Student Registration Number: 1061868
Catholic University of Eastern Africa
School of Business and Economics
Department of Graduate Business Studies
P.O. Box 62157, Nairobi, 00200 (Kenya)
Cell: +254 718 139151
Email: immanuel2487@gmail.com

PURPOSE OF STUDY

You are being asked to take part in a research study. Before you decide to participate in this study, it is important that you understand why the research is being done and what it will involve. Please read the following information carefully. Please ask the researcher if there is anything that is not clear or if you need more information.

The purpose of this study is to investigate the influence of financial risk management practices on the financial performance of religious health institutions in Malawi (these comprise all the health institutions under Christian Health Association of Malawi. However, this study will target only the full hospitals under the just named association). Specifically, the study seeks to investigate whether liquidity risk management, credit risk management, foreign exchange risk management, and operational risk management have any influence when it comes to the financial performance of hospitals under the Christian Health Association of Malawi.

STUDY PROCEDURES

This study involves administration of pencil and paper mixed questionnaires or computerized mixed questionnaires and record survey sheet. The questionnaires seek to solicit data on financial risk management practices, namely liquidity risk management, credit risk management, foreign exchange risk management, and operational risk management. The record survey sheet is used to request secondary data, namely financial statements or parts of financial statements.

The questionnaire may take up to 30 minutes per session.

RISKS

The researcher is committed to ensuring participant's voluntary participation in the research project and guaranteeing there are no potential risks and/or harms to the participants.

CONFIDENTIALITY

For the purposes of this research study, your comments will not be anonymous. Every effort will be made by the researcher to preserve your confidentiality including the following:

- Assigning code names/numbers for participants that will be used on all research notes and documents
- Keeping notes, interview transcriptions, and any other identifying participant information in a locked file cabinet in the personal possession of the researcher.

Participant data will be kept confidential except in cases where the researcher is legally obligated to report specific incidents. These incidents include, but may not be limited to, incidents of abuse and suicide risk.

CONTACT INFORMATION

If you have questions at any time about this study, you may contact the researcher whose contact information is provided on the first page. If you have questions regarding your rights as a research participant, or if problems arise which you do not feel you can discuss with the Primary Investigator, NCRSH Secretariat, Division of Health, Social Sciences and Humanities, National Commission for Science and Technology, Lingadzi House, P/Bag B303, Lilongwe 3.

VOLUNTARY PARTICIPATION

Your participation in this study is voluntary. It is up to you to decide whether or not to take part in this study. If you decide to take part in this study, you will be asked to sign a consent form. After you sign the consent form, you are still free to withdraw at any time and without giving a reason. Withdrawing from this study will not affect the relationship you have, if any, with the researcher. If you withdraw from the study before data collection is completed, your data will be returned to you or destroyed.

CONSENT

I have read and I understand the provided information and have had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason and without cost. I understand that I will be given a copy of this consent form. I voluntarily agree to take part in this study.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____

Appendix V: Budget and Its Justification

RESEARCH BUDGET					
No.	**Item**	**Number of Units**	**Unit Cost (KSh)**	**Total (KSh)**	**Total (MWK)***
1	Logistics of data collection and Ethical Clearance application			47,500.00	665,039.25
2	Printing of feedback after data collection			1,000.00	13,790.30
3	Pilot Studies			2,000.00	27,580.60
4	Concept Paper and Research Proposal Printing and spiral binding	6		2,500.00	34,475.75
5	Proofreading, Plagiarism check, and data analysis			11,000.00	151,693.00
6	Article Publication	1		10,000.00	137,903.00
7	Printing and binding of the final thesis copies	6	4,000.00	24,000.00	330,967.20
8	Public Defense			2,000.00	27,580.60
9	10% research compliance and capacity building fee			10,000.00	137,903.00
10	**GRAND TOTAL**			**110,000.00**	**1,526,932.40**

***** 1 Kenyan Shilling = 13.7903 Malawi Kwacha as quoted by National Bank of Malawi on May 5, 2025.

Budget Justification

A. Personnel

Key Personnel:

Emmanuel Nyerere, Principal Investigator (PI). The PI, Emmanuel Nyerere, will not claim any salary or allowance for the entirety of the research owing to the fact that this study is self-sponsored. The PI will have the overall responsibility creating all the research variables, distribution of questionnaires and receiving feedback, analysing the results and preparing manuscripts for report dissemination in tandem with the four objectives of the study.

There are no other personnel.

B. Proposal Review Application:

Funds amounting to KSH 19,046.00 (about MWK262,650.00) have been allocated for proposal review by the National Commission for Science and Technology (NCST). NCST charge 150 United States dollars per review which translates to close to 19, 046.00 Kenyan shillings (MWK 262,650.00).

C. Communication

The PI will be responsible for all communication with relevant parties in the study including NCST, Christian Health Association of Malawi, all the personnel who are the point of contact in the respective institutions, and the respondents. The researcher intends to use electronic questionnaires which will be distributed electronically via email or WhatsApp media. Therefore, funds amounting to KSH 9,000.00 (MWK 124,112.70) have been allocated for purchase of internet data bundles to cover up to 3 months (@ KSH 3,000.00 per month) of internet access.

Funds amounting to KSH 19,254.00 (MWK 265,518.44) have been allocated to the process of initial communication with the person of contact in the respective institutions (for a 10-minute international call from Kenya to Malawi estimated @ KSH 83.72 (MWK 1,154.25) per minute for a total of KSH 837.00 (MWK 11,542.48)).

D. Printing of Feedback

Funds amounting to KSH 1,000.00 (MWK 13,790.30) have been allocated to the process of printing of feedback from the data collection process.

E. Pilot Studies

Funds amounting to KSH 2,000.00 (MWK 27,580.60) have been allocated to a pilot study with KSH 1,500.00 (MWK 20,685.45) reserved for initial and follow-up calls, and KSH 500.00 (MWK 6,895.15) reserved for internet data bundles.

F. Concept Paper and Research Proposal Printing and spiral binding

Funds amounting to KSH 2,500.00 (MWK 34,475.75) have been allocated to the process of printing and spiral-binding of 6 copies the concept paper (3 copies) and research proposal (3

copies) for submission to the department for examining, with the printing and spiral-binding of an 85-page copy costing an estimated KSH 417 (MWK 5,745.95).

G. Proofreading, Plagiarism check, and Data Analysis

Funds amounting to KSH 11,000.00 (MWK 151,693.00 or USD 79.00) have been allocated to the procurement of the data analysis software SPSS).

Plagiarism check is done free of charge at the university, and services of a volunteer friend have been engaged for proofreading.

H. Article Publication

The School of Business and Economics of the Catholic University of Eastern Africa, the publisher of *CUEA Journal of Business and Economics* charges KSH 10,000.00 (MWK 137,903.00) per article publication, and publishing in this journal is a prerequisite for graduation.

I. Printing and Binding of the Final Thesis copies

Printing and binding of the final thesis copies by the Catholic University of East Africa (CUEA) Press is at KSH 4,000.00 (MWK 55,161.20) per copy, which amounts to KSH 24,000.00 (MWK 330,967.20) for six copies.

J. Public Defense

Funds amounting to KSH 2,000.00 (MWK 27,580.60) have been allocated for any needs on the day of Thesis Public Defense.

K. Ten Percent Research Compliance and Capacity Building Fee

KSH 10,000.00 (MWK 137,903.00), which is ten percent of the total research budget, namely KSH 100,000.00 (MWK 1,379,030.00), has been allocated for research compliance and capacity building fee.

Appendix VI: CUEA Letter of Introduction

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
A.M.E.C.E.A

SCHOOL OF BUSINESS & ECONOMICS
Department of Graduate Business Studies

P.O. BOX 62157 00200 Nairobi – KEN
Tel: 020-2525811-5, 8890023-4,
Email: dbs@cuea.edu or bsdgbs@cuea.edu
Website: www.cuea.edu

Our Ref: CUEA/SoBE/GBS/JM/mba.rec/366/2025

19th March 2025

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: EMMANUEL NYERERE – REG NO: 1061868

The above named is a student at The Catholic University of Eastern Africa, Nairobi—Kenya, in the School of Business & Economics, Department of Graduate Business Studies. He is pursuing Master of Business Administration degree (Finance Option).

As part of the MBA degree requirements, the University expects the student to write a research thesis. Emmanuel requires your assistance in carrying out his research study by providing him with a research permit and/or the necessary information. His thesis is entitled ***"Enterprise risk management and performance of not-for profit organizations in Malawi: Case for religious Health Institutions".***

Any assistance accorded to Emmanuel will be highly appreciated. All the information provided will be used purely for academic purposes and will be treated with utmost confidentiality.

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
H.O.D.
19 MAR 2025
GRADUATE BUSINESS SCHOOL
P. O. BOX 62157 - 00200, NAIROBI

Thank you.

Yours faithfully,

Dr. Joseph Macheru, PhD., CPA-K
HEAD OF DEPARTMENT – GRADUATE BUSINESS STUDIES

Appendix VII: Ethics and Regulatory Approval Letter

NATIONAL COMMISSION FOR SCIENCE & TECHNOLOGY

Lingadzi House
Robert Mugabe Crescent
P/Bag B303
City Centre
Lilongwe

Tel: +265 1 771 550
+265 1 774 189
+265 1 774 869
Fax: +265 1772 431
Email:directorgeneral@ncst.mw
Website:http://www.ncst.mw

NATIONAL COMMITTEE ON RESEARCH IN THE SOCIAL SCIENCES AND HUMANITIES

Ref No: NCST/RTT/2/6 **9th May 2025**

Rev Fr Emmanuel Nyerere,

The Catholic University of Eastern Africa,

P.O. Box 62157,

Nairobi, Kenya.

Email: immanuel2487@gmail.com

Dear Rev Fr Nyerere,

RESEARCH ETHICS AND REGULATORY APPROVAL AND PERMIT FOR PROTOCOL NO. P.04/25/967: FINANCIAL RISK MANAGEMENT AND FINANCIAL PERFORMANCE OF RELIGIOUS HEALTH INSTITUTIONS IN MALAWI

Having satisfied all the relevant ethical and regulatory requirements, I am pleased to inform you that the above referred research protocol has officially been approved. You are now permitted to proceed with its implementation. Should there be any amendments to the approved protocol in the course of implementing it, you shall be required to seek approval of such amendments before implementation of the same.

This approval is valid for one year from the date of issuance of this approval. If the study goes beyond one year, an annual approval for continuation shall be required to be sought from the National Committee on Research in the Social Sciences and Humanities (NCRSH) in a

Committee Address:
Secretariat, National Committee on Research in the Social Sciences and Humanities, National Commission for Science and Technology, Lingadzi House, City Centre, P/Bag B303, Capital City, Lilongwe3, Malawi. Telephone Nos: +265 771 550/774 869; E-mail address: ncrsh@ncst.mw

format that is available at the Secretariat. Once the study is finalised, you are required to furnish the Committee and the Commission with a final report of the study. The committee reserves the right to carry out compliance inspection of this approved protocol at any time as may be deemed by it. As such, you are expected to properly maintain all study documents including consent forms.

Wishing you a successful implementation of your study.

Yours Sincerely,



Yalonda .I. Mwanza
NCRSH ADMINISTRATOR
HEALTH, SOCIAL SCIENCES AND HUMANITIES DIVISION

For: CHAIRPERSON OF NCRSH

Committee Address:
Secretariat, National Committee on Research in the Social Sciences and Humanities, National Commission for Science and Technology, Lingadzi House, City Centre, P/Bag B303, Capital City, Lilongwe3, Malawi. Telephone Nos: +265 771 550/774 869; E-mail address: ncrsh@ncst.mw

Appendix VIII: Letter of Introduction from CHAM

CHAM

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

P. O. Box 30378, LILONGWE 3, Malawi.
Tel. Office: 0992 859 109 / 0992 859 136, Fax: 01 775 406
E-mail: chamsec@cham.org.mw

Ref: **CHAM/HSM/05/01** **20th May, 2025**

To: Hospital Director/Facility In-Charge/Administrator/HRO

Dear Sir or Madam,

LETTER TO INTRODUCE FR. EMMANUEL NYERERE TO CONDUCT A STUDY IN CHAM HEALTH FACILITIES

To whom it may concern,

I am writing to introduce Rev. Fr. Emmanuel Nyerere, who obtained approval from National Commission for Science and Technology (NCST) in Malawi (No. P.04/25/967). Rev. Fr. Emmanuel Nyerere will conduct a study on "Financial Risk Management and Financial Performance of Religious Health Institutions in Malawi". The study will involve collection of data from registers at your facility.

Rev. Fr. Emmanuel Nyerere will be working closely to your team during the study. We kindly request that you provide her with all necessary support and assistance to ensure the success of the study. If you have any questions or concerns, please do not hesitate to contact the Secretariat.

Sincerely,

Happy E. Makala

EXECUTIVE DIRECTOR

Appendix IX: Plagiarism Certificate

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
INFORMATION SYSTEMS LIBRARIAN
TURNITIN ORIGINALITY REPORT

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The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 9 words)

I HEREBY CONFIRM THAT **EMMANUEL NYERERE** REG NO: **1061868**, SUBMITTED A CHECK OF ANTIPLAGIARISM ON CRITICAL EVALUATION OF **FINANCIAL RISK MANAGEMENT AND FINANCIAL PERFORMANCE OF RELIGIOUS HEALTH INSTITUTIONS IN MALAWI. A THESIS SUBMITTED TO THE DEPARTMENT OF GRADUATE BUSINESS STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION AT THE CATHOLIC UNIVERSITY OF EASTERN AFRICA.**

Verification by Systems Librarian:

Name: HARUN MAINA Signature: ..... Date: 18/9/2025

The Catholic University of Eastern Africa
INFORMATION SYSTEMS LIBRARIAN
P. O. Box 62157-00200, NAIROBI.

THE CATHOLIC UNIVERSITY OF EASTERN AFRICA (CUEA) P.O. BOX 62157-00200 Nairobi – KENYA
Tel: 020-2525811-5, 8890023-4, Fax: 8891084, Email: antiplagiarism@cuea.edu Website: www.cuea.edu
Founded in 1984 by AMECEA (Association of the Member Episcopal Conferences in Eastern Africa)