

**INFLUENCE OF PROJECT RISK MANAGEMENT ON FINANCIAL PERFORMANCE
OF HIGHWAYS CONSTRUCTION PROJECTS IN KENYA : A CASE OF KENYA
NATIONAL HIGHWAYS AUTHORITY**

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ABSTRACT

The study examined the influence of project risk management on financial performance of highways construction and maintenance of projects which is a case study of Kenya National Highways Authority. The study objective focused on pre-investment risks, site risks, construction risks and operation risks as the independent variables. The study conducted literature and empirical review and was supported by fuzzy mathematical theory and fuzzy set theory. The study adopted descriptive survey design and data collection was by way of questionnaire. Further, the population of interest was 450 project managers, contractors and resident engineers of KeNHA. The sample size was 75 employees. The data analysis for this study was through Statistical Package for Social Sciences (SPSS). The collected raw data was processed and presented both descriptive and inferential statistics inform of graphs and tables. Regression analysis and correlation were used to determine the relationship between variables. The descriptive analysis was done inform of percentages and frequencies. The findings of the study were that on pre-investment risks funding risk affects project performance, Also, complexity and dynamic nature of highway construction projects predisposes them to risks, Further, that inexperienced and lack of competence increase risks, the cost and time overruns increase risks and that poor design doesn't increase project risks. Also, on site risks land in use increases the risk of highway construction projects, resettling uncooperative communities increases risks, poor site conditions increase risks, preparing sites in inhabitable areas increases risk. On construction risks, there was delay in completion of projects increase risk, majority of the respondents indicated that they agree that cost overrun increase risk, failure to meet performance criteria increase risk, failure to meet performance quality increase risk, failure to use innovation increase risks. On operation risks it can be concluded that any interruption with the project doesn't increase risks, there were reduced revenue increase risks, changes in taxes, tariffs increase risks and low demand or usage risk increase risk influences the financial performance of highway construction projects.