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PROJECT MANAGEMENT PRACTICES AND PERFORMANCE OF DONOR FUNDED HEALTH PROJECTS IN KENYA

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ABSTRACT

Donor funded projects are of great interest to the government, civil society organizations and the beneficiaries. Health projects are among the highly funded projects by governments and donors. The general objective of the study was to examine the effect of risk management on performance of donor funded health projects in Kenya. The study was based on Enterprise Risk Management theory and correlational research design. The target population of the study was 44 project managers, 115 project officers, 81 project monitoring & evaluation officers, and 68 project finance managers. Census method was used to enumerate the entire population. Data was then collected using questionnaires. Descriptive and inferential statistics were used for data analysis, leveraging SPSS. The data was then presented in statistical tables. All ethical considerations were strictly observed. Findings showed that project risk management has significant effect on performance of donor funded projects in Kenya ($\beta_1=0.618$, p value= 0.000). The health project managers should reconsider instituting risk management processes that must be followed before project execution, to see how it affects the performance of their projects. Project managers and leaders must be encouraged to embrace project risk management before projects are started to enable them to identify possible risk events likely to occur in order to institute corrective response strategies to reduce the severity of the risk, should they occur during the course of the project.

Key Word: Risk Identification, Risk Prevention, Risk Response

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INTRODUCTION

Project managers engage in activities known as project management practices, to guarantee the success of their projects. Such practices comprise stakeholder management, scope management, risk management, and quality management (Kerzner, 2017). Joslin and Müller (2016) argue that poor project management practices frequently lead to projects being finished late; overspending; unexpected outcomes, or even dropped preceding the fruition after the consumption of extensive amounts of resources. Badewi (2016) opines that in the United Kingdom, the main purpose of using project management (PM) practices is to increase organizational value. The organization can benefit from using PM practices by increasing the effectiveness of human effort in the organization while increasing the efficiency of these efforts. Chen, Nakayama, Shou and Charoen (2018) contend that as China is extending its project management concepts from mainstream infrastructural projects, project managers in those new industries rely on the use of PM practices as tools and methodologies. However, it remains unclear to what extent the use of these PM practices can increase project success. Besides lack of organizational support, using project risk management tools and methodology effectively has been one major challenge to project success. Further, many projects do not meet their desired strategic objectives; often ending up as failed initiatives. In Saudi Arabia, one of the fundamental concerns in project management regards the extent to which Project Managers use and implement project management practices, and the implications for project success. In addition, a mismatch between the promises offered by project management practices and the project outcomes have equally been recognized (Aloitabi, 2019).

In Nigeria, Daniel (2018) states that PM practices adoption in the management of the donor funded health projects integrate the project management process of initiation, planning, executing, monitoring, controlling and closing. These are observed progressively through the project life cycle with the aim of satisfying the stakeholders and constituents according to the project's established requirements. Stakeholders are those who have a direct stake in the project while the project's constituents are those who may be affected by the consequences of the project. Project success is typically created when the stakeholders and constituents show their collective fulfillment according to the extent of their involvement. Abera (2018) considers the limited studies in the specific context covering project management in developing countries, especially adoption of project management practices in Ethiopia, the challenges the country has faced and how it has responded to these challenges when appraising projects and making optimal decisions for better impact. Murwanashyaka and Shukla (2017) views project management practices especially stakeholder's management practices on performance of projects in Rwanda to have been highly regarded because many international investment and delivery projects still have strikingly poor performance records in terms of economy, environment and public support due to poor stakeholders' relationship management. The effective adoptions of stakeholders' communication and conflict management practices have been established to improve performance of the projects.

According to Kiprop, Nzulwa, and Kwena (2017), little development has taken place in Sub-Sahara Africa despite donor funding for over a half a century. Well performing donor funded health projects start with organizations which have a mission that is clearly defined and have created a vision of what they want their impact to, and integrating the same in their activities and plans (Kraeger, 2018). Other optimum performance enabling factors include adoption of project management practices, aligning activities with institutional strengths and capabilities and strategically building collaborative linkages with other players working in the sector. Strategic stakeholder partnerships, risk management and quality management with other players in the sector are also critical for health funded projects that aim to impact health outcome (Kaleeba, 2016).

Statement of the Problem

According to the World Bank (2017), donor funded health projects are of great interests to the government, civil society organizations and the beneficiaries. Health projects are among the highly funded projects by governments and donors. NGO Coordination Board 2020 Report shows that the 1,026 Kenyan NGOs

contributed a sum of 34.9 billion Kenyan Shillings in the financial year 2018/2019 towards health projects associated with the Kenyan government's "Big Four" agenda. Specifically, NGOs registered in Kenya spent a total of 30.8 billion Kenyan Shillings on healthcare and related projects and another 3.8 billion Kenyan Shillings on nutrition and food security. Despite the guidelines set out by donors on the implementation of various health projects in Kenya, the performance of such projects is still below expectation (Osedo, 2015; Sikudi & Otieno, 2017; Mwangi, 2018). Despite the continued funding and other attention given to the healthcare projects by international NGOs and the Kenyan government at large, most of these projects have remained a pipe dream with minimal completion rates while others are not meeting the expected goals (WHO, 2021). According to WHO (2021), 21% of health projects are subject to cost manipulation at the design stage and 15% are subject to distorted procurement plans. The NGO Council (2021) reported that more than half of all projects carried out by non-governmental organizations are not sustainable and collapse in less than one year after the exit of the donors. The report further notes that 40% of the projects implemented by NGOs in Kenya were facing time overrun due to poor management and lack of timely allocation of resources. According to Osedo (2015), donor funded health projects have been underperforming as more than 60% of donor funded health projects in Kenya have either failed or have been completely abandoned. This implies that the projects delayed and the budgets were higher than initially planned. According to Muchungu (2018), 58% of donor funded projects in Kenya show poor performance as measured by time, budget, scope and client satisfaction. Gitonga and Keiyoro (2017) found out that health grants were not utilized well in the implementation of health care projects due to corruption, resulting in high failure of projects funded by NGOs. Additionally, according to Nyanje and Wanyoike (2016), poor project performance and low sustainability of NGO projects can be explained by lack of focus on key project management practices. They aver that 40% of projects implemented by NGOs were facing time overrun due to lack of timely allocation of resources. Various studies related to project management practices and performance of projects have been conducted locally in different sectors. However, no study has focused on performance of donor funded health projects in Kenya. The studies were also collected in single counties in Kenya hence lacking national perspective. The application of the project leadership, project management practices and performance of projects cannot be assumed to be similar across sectors. There is hence contextual and scope gaps that this study sought to fill. It is on this premise that this study, therefore, investigated the effect of project management practices (risk management) and performance of donor funded health projects in Kenya.

Research Objective

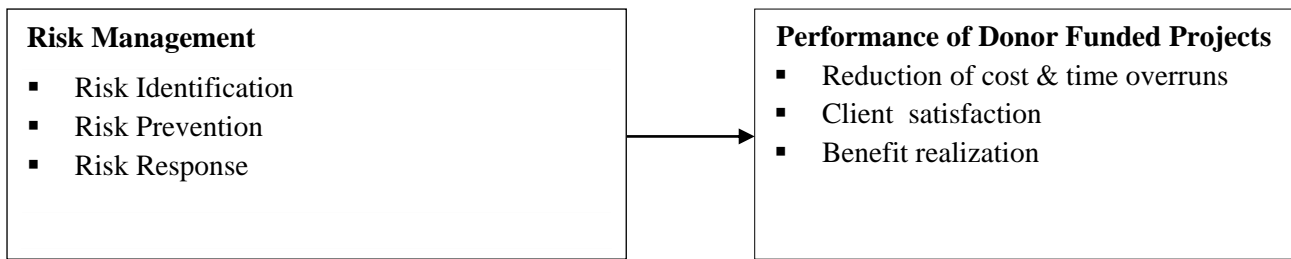
The general objective of the study was to examine the effects of risk management on performance of donor funded health projects in Kenya.

LITERATURE REVIEW

Theoretical Review

Conceptual Framework

Conceptual Framework represents the researcher's synthesis of literature on how to explain phenomena (Trochi & Arora, 2016). It is a diagrammatic, flow chart or figurative illustration of the relationships between factors and variables, relevant to the study (Muchemwa, Padia & Callaghan, 2016). It is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation.



Independent variable

Dependent variable

Figure 1: Conceptual Framework

Risk Management

Project risk management is the art and science of identifying, analyzing, and responding to risk throughout the life of a project; aimed at meeting project objectives (Pimchangthong & Boonjing, 2017). Project risk management involves understanding potential problems that might occur on the project and how they might impede project success. Risk management is a difficult aspect of project management as the project manager must be in a position to recognize and identify the root causes of risks and correlate them to their effects on project performance (Urbanski, Haque & Oino, 2019). Risk identification is the basis for analysis and control of risk management and ensures risk management effectiveness. Ensuring that adequate and timely risk identification is performed is the responsibility of the owner, as the owner is the first participant in the project. The sooner risks are identified, the sooner plans can be made to mitigate or manage them (Gregory, Yusuf & Asinza, 2019). Assigning the risk identification process to a contractor or an individual member of the project staff is rarely successful and may be considered a way to achieve the appearance of risk identification without actually doing it (Ochieng, 2017). Risk prevention is a proactive method to forecast negative events (risks) that could occur in a project in order to be better prepared or to reduce their likelihood (Gregory, Yusuf & Asinza, 2019). Qualitative risk analysis is beneficial because not only does it reduce uncertainty in the project, but it also focuses mostly on high-impact risks, for which one can plan out appropriate mitigation responses (Urbanski, Haque & Oino, 2019). Risk response planning involves determining ways to reduce or eliminate any threats to the project, and also the opportunities to increase their impact (Gregory, Yusuf & Asinza, 2019).

Empirical Studies

Urbański, Haque and Oino (2019) focused on the moderating role of risk management in project planning and project success: evidence from construction businesses of Pakistan and the United Kingdom. The results confirmed that project planning had a statistically significant impact on project success. Furthermore, risk management significantly moderated the relationship between project planning and project success in the construction businesses despite being in two different economies. Pimchangthong and Boonjing (2017) study focused on the effects of risk management practices on IT project success in Bangkok Thailand. The results showed that risk identification and risk response planning influence the process performance and the total aspects of IT project success. Risk identification has the highest positive influence on product performance, followed closely by risk response, while risk analysis negatively influences product performance. Ndambiri and Kimutai (2016) sought to determine the effect of project risk management on performance of health systems digitalization projects in public hospitals in Nyeri County of Kenya. Results indicate that there is a significant relationship between risk management and project performance. Risk management had a strong positive correlation with project performance. Project risk identification, project risk analysis, project risk response planning and project risk monitoring and control were all statistically significant. Project risk identification was found to be the most concerning. It was concluded that project risk management was key to influencing the level of project performance.

Macharia (2017) investigated the effects of risk management Strategies and performance of construction projects in public secondary schools in Murang'a County, Kenya. The specific objectives of the study were to: determine the influence of risk avoidance strategy, risk reduction strategy, risk transfer strategy and to risk retention strategy, on the performance of construction projects in secondary schools in Murang'a County. The risk avoidance strategy was found to have the strongest influence on performance of construction projects since it had highest beta coefficient value while risk transfer had the lowest beta coefficient value. The analysis of research findings led to conclusion that risk management strategies have significant influence on performance of construction project in secondary schools. Ochieng (2017) study sought to determine the role of project risk management on organizational performance in motor industry in Kenya with case study of Isuzu East Africa Limited. The findings of the study revealed that project risk analysis and project risk response play a significant role on the performance of Isuzu East Africa. The study established that project risk identification and project risk control were not so much a function of organizational performance but were closely related to project risk analysis, hence, could indirectly impact on the performance of Isuzu East Africa Limited. Gregory, Yusu and Asinza (2019) investigated the effect of risk management practices on road construction projects performance in Kenya. The findings showed that risk identification has a positive and significant effect on risk management practices in road construction projects. Risk analysis has positive and significant effect on the risk management practices in road construction projects. Gitau (2015) study focused on the extent of the risk management practices at planning phase and the effect of these practices on project cost and schedule performance. The research project indicated that risk management practices at planning stage had an effect on project performance. The research project indicated that most projects in Rwanda had some input from a qualified engineer and architect. However, most respondents had not studied risk management.

METHODOLOGY

The study used a correlational research design, which describes in quantitative terms the degree to which variables are related. Correlational research designs are used to explore causal relationships between variables and to predict scores on one variable from research participants' scores on other variables. The study targeted 44 donor funded NGOs in health sector in Kenya. The unit of observation was staff employed by NGO's to implement the donor funded health projects Kenya. These included 44 project managers, 115 project officers, 81 M&E officers, and 68 project finance officers. These are the key stakeholders of these projects constituted the population of respondents from whom data was collected. Given the number of completed donor funded health projects for the period under study as described, a census survey was found to be appropriate. Primary data was collected from the respective respondents using self-administered structured questionnaire. The collected quantitative data was then analyzed by use of both descriptive and inferential statistics.

FINDINGS AND DISCUSSIONS

The study population comprised of 44 project managers, 115 project officers, 81 monitoring & evaluation officers, and 68 finance officers. The total target population was 308. 10% (30) of this population was used during pilot study. Questionnaires were distributed to 278 respondents and 211 were answered successfully.

Descriptive Statistics

The study aimed at determining the effect of project risk management on performance of donor funded health projects in Kenya. Respondents were also requested to tick on the extent to which they agreed/disagreed with statements related to effect of risk management on project performance. Findings are presented in Table 1.

Table 1: Effect of Risk Management on Project PerformanceKey: **SD**-Strongly disagree, **D**-Disagree, **N**-Neutral, **A**-Agree, **SA**-Strongly agree

| Statement | SD% | D% | N% | A% | SA% | Mean | Std. Dev |
|--|------|------|-----|------|------|------|----------|
| Project manager is able to recognize and identify the root causes of risks. | 1.9 | 2.8 | 0.9 | 37.4 | 56.9 | 4.45 | 0.817 |
| Risk analysis is often conducted to assess the possibility of a risk occurring. | 30.3 | 59.7 | 2.8 | 3.8 | 3.3 | 2.10 | 0.881 |
| Assessing time available for donor funded health projects reduce project risks. | 1.9 | 4.3 | 3.3 | 63.0 | 27.5 | 4.10 | 0.802 |
| Screening of project risks and taking corrective measure influence project completion within time. | 1.4 | 8.1 | 2.4 | 47.4 | 40.8 | 4.18 | 0.924 |
| Use of checklist enhance risk identification in donor funded health projects. | 2.8 | 1.4 | 9.5 | 59.2 | 27 | 4.06 | 0.23 |
| Effective risk identification process enable project managers to institute corrective measures that influence project costs. | 7.1 | 1.4 | 5.7 | 45.0 | 40.8 | 4.11 | 1.075 |
| Effective risk management planning reduces project delays. | 5.7 | 3.3 | 0.9 | 47.9 | 42.2 | 4.18 | 1.025 |
| Increase in project risk reporting enhance benefit realization of health projects. | 0.5 | 0.5 | 2.4 | 62.6 | 34.1 | 4.31 | 0.540 |
| Inspection of ongoing projects ensure projects are not delayed. | 4.3 | 1.4 | 6.6 | 63.0 | 24.6 | 4.03 | 0.861 |
| Risk assessment enables project managers to forecast risks that could occur in a project in future. | 4.8 | 0.9 | 8.1 | 46.9 | 44.1 | 4.34 | 0.667 |

N=211

Findings show that the respondents strongly agreed that; project manager is able to recognize and identify the root causes of risks (m=4.45); risk assessment enables project managers to forecast risks that could occur in a project in future (m=4.34); and increase in project risk reporting enhance benefit realization of health projects (m=4.31). The respondents also agreed that screening of project risks and taking measure influence project completion within time (m=4.18); effective risk management planning reduces project delays (m=4.18); effective risk identification process enable project managers to institute corrective measures that influence project costs (m=4.11); assessing time available for donor funded health projects reduce project risks (m=4.10); use of checklist enhance risk identification in donor funded health projects (m=4.06); and inspection of ongoing projects ensure projects are not delayed (m=4.03). Respondents disagreed that risk analysis is often conducted to assess the possibility of a risk occurring (m=2.10).

Findings indicate that the project manager makes efforts to manage project risks with an aim of improving project performance. Risks identification helps the manager to recognize and identify the root causes of risks. The risks are then classified to point out the high risks and low risks which guides in risk mitigation strategies. The managers also assess risks to predict the possible risks that may affect performance of health projects. The project's risks are reported to project team members to sensitize them on the risks that they may encounter during project implementation and sensitize them on how to mitigate those risks. This reduces

chances of project delays as the risks are either controlled or mitigated in time. Assessing the timelines for funds disbursement from the donors helps the project managers to effectively plan project activities and allocate funds depending on funds availability. The projects are regularly inspected to ensure that activities are as per the work breakdown structure which facilitates completion of projects on time. The project management rarely conduct risk analysis which may limit their ability to analyze the causes of the risks. This could be due to unavailability of risk assessment systems or inadequate staff's capability to analyze project risks. Findings support Gitau (2015) that risk management practices at planning stage affect project performance.

Regression Model for Risk Management

Table 2: Model Summary for Risk Management

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .628 ^a | .395 | .385 | .554 |

a. Predictors: (Constant), Project risk

The r-squared for the relationship between project risk management and performance of donor funded health projects was 0.395. This implied that 39.5% of the variation in the dependent variable (performance of donor funded health projects) could be explained by independent variable (project risk management).

Table 3: ANOVA for Risk Management

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 12.409 | 1 | 12.409 | 40.430 | .000 ^b |
| | Residual | 19.029 | 209 | .307 | | |
| | Total | 31.438 | 210 | | | |

a. Dependent Variable: performance

b. Predictors: (Constant), project risk

Results show that the F value was 40.430 and p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Hence, it can be used to predict the influence of project risk management on performance of donor funded health projects.

Table 4: Regression Coefficients for Risk Management

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|--------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .569 | .175 | | 3.247 | .002 |
| | Project risk | .618 | .097 | .628 | 6.358 | .000 |

a. Dependent Variable: project performance

According to the results, project risks management skills has significant effect on performance of donor funded projects in Kenya ($\beta_1=0.618$, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. Findings are in agreement with Gregory, Yusu and Asinza (2019) that risk identification has a positive and significant effect on risk management practices in road construction projects. Ubani, Amade, Okorocho and Agwu (2015) also revealed that the risk management has a linear and positive relationship with projects and if risk management issues are not resolved, the attainment of project schedule, cost, quality and scope objectives would not be achieved.

CONCLUSIONS

This study validates that risk management is an important element for any project's performance. The project managers of the health projects under review have a laid down risk management processes that enable them to identify project risks, prevent, and minimize their effects on the project, if they happen. Risk assessment and control minimize the impact of project threats and seize the opportunities that occur. This allows project team to deliver projects on time, on budget and with the quality results envisaged by the sponsor.

RECOMMENDATIONS

The health project managers should reconsider instituting risk management processes that must be followed before project execution, to see how such processes will affect the performance of their projects. Project managers and leaders must be encouraged to embrace project risk management before projects are started, to enable them to identify possible risk events likely to occur in order to institute corrective response strategies to reduce the severity of the risk should they occur during the course of the project. The project managers should also ensure that risk management methods are conducted to prevent post completion defects and excessive costs. It will ease work and also monitor and emphasize on tender process to offer such tenders of construction projects based on assessed risk management methods since it may lead to the poor quality when the contractor does not have required competencies.

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