The Management University of Africa

Sponsored by the Kenya Institute of Management

POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF ARTS IN DEVELOPMENT STUDIES

MDP 517: **PROJECT RISK MANAGEMENT**

DATE: **31st March, 2022**

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory.**
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

RISK MANGEMENT IN CONSTRUCTION PROJECTS

Risk management is according to Project Management Institute (PMI) one of the nine knowledge areas and the integration of an effective risk management is considered a crucial element and essential for project success. Construction projects can be described as tremendously complex projects in which uncertainty might arise from various sources. Risk management is therefore increasingly becoming an extensive component of the project management of construction projects in a pursuit to efficiently deal with unexpected events and ambivalence. It is important due to the damaging consequences imposed by risk and uncertainty.

However, for years the industry has had a poor reputation for managing the adverse effects of change resulting in delays and a failure to meet quality and cost targets. The objective of an efficient risk management procedure is to facilitate risk neutral decision making, which in turn will result in superior performance. Systematic methods for obtaining more information about uncertainty on the project is needed to achieve that objective. The implementation of various techniques and methods for risk management and assessment will however not remove all risks but the aim is to ensure that the risks are assessed and managed in a manner allowing the overall objectives of the project to be achieved. Risk management involves the establishment of risk consciousness, integration of basic principles of risk policy and organizational integration.

This allows, through proactive action, the project to be prepared for unavoidable problems and an increased transparency. It is an ongoing process throughout the entire the project life cycle as risks will continually change. Risk management is the process of identifying, assessing and responding to risk and it is important to work as an integrated project team from the earliest possible phases, in order to identify and efficiently deal with risks when they arise. The benefits of the process are clearer understanding of the specific risks associated with a project, supported decisions by detailed analysis and a buildup of historical data that can be used to assist future risk

management procedures. Unfortunately, many project managers have still not realized the importance of implementing project risk as an integral part of the delivery of a project. An inefficient implementation of risk management is often caused by the lack of formalized procedures, the lack of continuity in the different project phases and an inadequate integration of knowledge management and interaction between processes and parties. During the construction process the major responsibility to deal with risks is laid upon contractors to decide on the next course of action. In order to manage risk effectively the contractor needs to understand risk responsibilities, risk management capabilities and event conditions.

Required;

a) The four Ts of project management are important during construction. Explain the four (4) Ts of project management **(8 Marks)**

b) Assess six (6) challenges are a commonly faced in construction projects and how to resolve each problem **(12 Marks)**

c) Describe the major processes of project management **(10 Marks)**

QUESTION TWO

a) Critique the five (5) steps of effective risk management process **(10 Marks)**

b) Highlight five (5) techniques for risk identification **(5 Marks)**

QUESTION THREE

a) Identify five (5) steps for qualitative risk analysis **(10 Marks)**

b) Document five (5) techniques used in quantitative risk analysis **(5 Marks)**

QUESTION FOUR

a) Analyze five (5) main risk response strategies **(10 Marks)**

b) Discuss the importance of risk monitoring **(5 Marks)**