



Appraisal of Public Private Partnership (PPP) and Risk Management on Housing Projects for OW Income Earners

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ABSTRACT

This research intends to appraise the implementation of risk management in Public Private Partnership (PPP) housing projects in Nigeria with the view to suggest measures for improving the practice towards effective housing provision. Data for the research would be obtained through questionnaire from three northern states and in Nigeria, such as Sokoto, Kebbi and Zamfara states. The data would be analyzed using descriptive statistic, mean rating and Kruskal-Wallis test. This research will also take a look at the various critical factors that could contribute to risk management problems in Nigeria., Such as lack of strong support from top management, level of company's turnover and the need to comply with set regulations, effective implementation of risk management, lack of information/knowledge of risk management, lack of awareness of the importance of risk management and risk management not been a priority in clients' requirement.

INTRODUCTION

Risk management is the identification, evaluation, and prioritization of risks as the effect of uncertainty on objectives (Hubbard & Douglas, 2009). Risks can come from various sources including uncertainty in financial markets, threats from project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters, deliberate attack from an adversary, or events of uncertainty or unpredictable root-cause.

In Nigeria, studies on risks management are focused on general application of the principle in construction projects. None of the studies have specifically investigated the implementation of risk management in construction. This study therefore appraises the implementation of risk management in PPP (PPP) projects with the view to making a case for conscious effort towards improving the practice among stakeholders in PPP housing projects in Nigeria. The study seeks to answer the following questions: How often do stakeholders implement risk management in PPP housing projects in Nigeria? What are the drivers to effective implementation of risk management in PPP housing Projects in Nigeria? What are the barriers to effective implementation of risk management in PPP housing Projects in Nigeria? How can the identified barriers be overcome to ensure effective implementation of risk management in PPP housing projects?

Public Private Partnership (PPP) is a cooperative arrangement between two or more public and private sectors, typically of a long-term nature. Hodge & Greve, 2019, public private partnerships are primarily used for infrastructure provision, such as building and equipping of schools, hospitals, transport systems, and water and sewerage systems. PPP is gaining wider acceptance in many countries of the world as a strategy for attracting private funds to finance housing projects. However, PPP projects are prone to risks than any other form of contractual arrangement due to the number of stakeholders involved with varying interests in addition to the economic, political, social and cultural conditions where the projects are to be undertaken (El-Sayegh, 2008). These risks affect the achievement of project objective and therefore need to be adequately managed to ensure project success. Risk management connotes predicting potential risks that may be encountered by an organization or associated with a project and to develop appropriate strategies in order to deal with the exposure to the identified risks (Berg, 2010). The practice of risk management can be categorized into formal and informal approaches (Hudin and Hamid, 2014). Regardless of the approach adopted, implementation of risk management involves proactive planning and effective implementation of such plans with adequate monitoring mechanisms set in place to ensure the achievement of the desired objectives. Risk management implementation refers to the application of risk management process towards the management of risks that have potential impact on project objectives (Hudin and Hamid, 2014). Effective implementation of risk management enhances firm's performance, eliminates common problems in construction projects such as time and cost overrun, unsatisfactory project quality, unsafe working environment and improves quality and confidence of investment decision (Tumala, Leung, Mok, Burchett and Leung, 1997; Siang and Ali, 2012) Despite this array of benefits, contractors seldom implement risk management in construction projects especially PPPs. The re-occurring nature of the risk management problem suggests that the approach to, or the implementation of risk management practice is lacking in some aspect (Harner, 2010). The decision on whether to apply risk management in construction projects is dependent upon the drivers as well as barriers to implementing risk management (Manab, Kassim and Hussein, 2010). The drivers are those factors that influence the implementation of risk management while the barriers are factors that inhibit risk management

implementation. In order to promote the implementation of risk management in construction projects the driving factors must be adequately put in place while ensuring that the barriers are properly addressed. For proper implementation of risk management in construction projects such as Public Private Partnerships (PPPs), these factors must be properly identified.

PROBLEM STATEMENT

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OBJECTIVES OF THE STUDY

- Determine the level of implementation of risk management in PPP housing projects in Nigeria.
- Examine the drivers to effective implementation of risk management in PPP housing Projects in Nigeria?
- Examine the barriers to effective implementation of risk management in PPP housing Projects in Nigeria?
- Suggest possible strategies towards effective implementation of risk management in PPP housing projects.

LITERATURE REVIEW

Few studies have been conducted on implementation of risk management in construction projects. Akintoye and McLeod (1997) examined risk analysis and management by contractors and project managers in the UK; Lee and Ali (2012) studied the implementation of risk management in the Malaysian construction industry; Hudin and Hamid (2014) provided a conceptual framework for drivers and barriers to implementation of risk management; Harner (2010) examined the barriers to effective cooperate risk management in the United States of America; Chileshe and Yirenyi-Fianko (2012) explored the perception of barriers to implementing risk assessment and management practices by construction professionals in Tanzania.

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There are factors that inhibit the implementation of risk management practices. Akintoye and McLeod (2007) studied risk analysis and management in the UK and identified about 12 barriers inhabiting the practice of risk management by contractors and project managers. Some of these reasons include lack of familiarity with the techniques; time constraints, lack of information and knowledge; nature/sizes of construction projects which are seldom large enough to warrant the adoption of risk management; difficulty in seeing the benefits of implementing risk management and risks being subjective in nature which is better dealt with based on experience rather than formal risk management practice and the belief that risk analysis in commercial terms is not always viable on projects. In a similar study carried out by Chileshe and Kikwasi (2013), the most significant barriers to implementing risk management identified were awareness of risk management, lack of experience and lack of information while cost of implementation and time constraints were the least significant factors. In the cause of this study, Chileshe and Kikwasi (2013) undertake an in-depth review on the barriers to implementing risk analysis and management practices. Knowledge/familiarity with the technique was prominent and cut across all results of these studies. Akintoye and McLeod (2007) attributed this to lack of formal training in risk analysis and management techniques among construction practitioners who were the study population.

Rostami, Sommerville, Wong, & Lee (2015) conducted a thorough review of risk management in construction in the UK between 1991 and 2014; the study reported that all the challenges regarding the implementation of risk management among organizations can be grouped into "the peoples' factors", organizations' characteristics and the process of risk management. These findings summaries the results of most studies on the barriers to implementing risk management because all the factors identified can perfectly be classified under the above three broad groups.

METHODOLOGY

It is important to select an appropriate research approach, which fits into the entire process of research, because a research approach provides a blueprint to undertake necessary research work. It allows the researcher to identify most suitable research tools and techniques that can help researcher, to seek solutions for research questions (Walliman, 2011). This study intends to appraise the implementation of risk management in PPP housing projects in Nigeria. Questionnaire would be used as an instrument for data collection. The study population would comprise of registered contractors and professionals in the built environment but the sample frame would consist only of those with requisite experience in PPP housing and risk management in order to ensure the validity and reliability of information. The study would adopt the non-probability purposeful sampling technique to select the study sample from the total population due to difficulty of identifying professionals with the requisite experience. Purposive sampling technique would be considered appropriate for selecting a sample when the researcher intends to select participants who have experience about central phenomenon or key concept being explored (Cresswell & Clark, 2007) as is the case in this study. In determining a study sample from unknown population where the data is quantitative in nature, Napierala (2014) had suggested the use of the formulae below:

$$n = \frac{Z^2 - S^2}{\delta^2}$$

Where: n = minimum sample size;

Z = value of distribution function denoted by 0.1 = ±10 at 90% confidence level;

S = population standard deviation denoted by 1.64 at 90% confidence level and

δ = acceptable standard error (1%).

The research areas are Sokoto, Kebbi and Zamfara States.

The research sites are the selected construction and consultants companies in the study areas.

RESULTS/FINDINGS

- There would be joint management mechanisms by parties, by improving knowledge/techniques on risk management. Increase formal risk control strategies, making sure there is historical data for risk trend analysis and sufficient information on ongoing projects.
- Change contractors' attitudes, perception and knowledge through experience and expertise.
- Site managers/engineers would be familiar with techniques in order to provide tangible calculations and unambiguous evidence of risk to clients/owners
- Consultants would be able to spearhead risk management processes by making it a priority in clients/owners requirements.

CONCLUSION AND RECOMMENDATION

In conclusion the implementation of risk management in Public Private Partnership (PPP) housing projects in Nigeria is very important to the survival of building industries and there is need for measures in order to improve the practice towards effective housing provision. The critical factors that could contribute to risk management problems in Nigeria. Needs to be properly addressed.

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