ENTERPRISE RISK MANAGEMENT (ERM) PRACTICES AND IT'S CONTRIBUTION TO THE SUCCESS OF CDF PROJECTS IN BUNGOMA COUNTY –KENYA

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DECLARATION A

"This thesis is my original work and has not been presented for a degree or any other academic award in any university or institution of learning"

ELIZABETH SIFUNA WANJALA

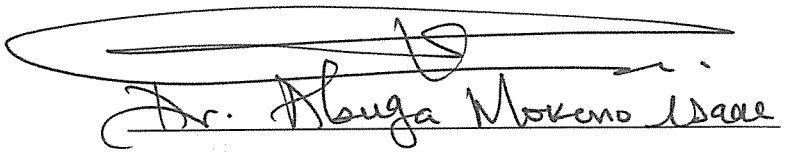
Name and Signature of the Candidate

14.01.2013

Date

DECLARATION B

"I confirm that the work reported in this thesis was carried out by the candidate under my supervision"



Name and Signature of Supervisor

15.01.2018

Date

DEDICATION

I dedicate this work with lots of love to my loving husband Billy, my sister Electine, my children Parvin, Edwin, Taban, George and Kaka. My friends Wahida, Simiyu, Oyoti and all those who supported and contributed to this Thesis. Without you all, I would not have made it.

Thank you all, may the Almighty God bless and reward you abundantly.

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ABSTRACT

The purpose of this research was to establish enterprise risk management (ERM) practices and its contribution to the success of CDF projects in Bungoma County Kenya. The study targeted 420 CDF projects where a sample size of 204 was used. The researcher used questionnaires, interview schedule and focus group discussions to collect data. The study established that ERM practices have important contributions to the success of CDF projects yet close to over 75% of the respondents indicated that most of the sixteen ERM practices are not applied as determinants of enterprise risk management of the CDF projects in Bungoma County. To have successful completion of CDF projects therefore the researcher recommends full adaption and implementation of ERM practices through training of the project stakeholders. Also continuous risk analysis to identify, address, and handle risks before they become threats to success, and, this preliminary risk analysis framework could enable the realization of a continuous risk analysis for CDF projects.

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LIST OF ABBREVIATIONS / ACRONYMS

CDF	–	Constituency Development Fund
CDFC	–	Constituency Development Fund Committee
ERM	–	Enterprise Risk Management
NTA	–	National Taxpayers Association
PMC	–	Project Management Committee

CHAPTER ONE

THE PROBLEM AND ITS SCOPE

Background of the Study

Risk management has long been identified as key to project success (Lynn, 2004) and has even developed further into a standard in risk management of projects. Risk management is the identification, assessment and prioritization of risks, followed by coordinated and economical application of resources to minimize, monitor and control the probability of unfortunate events or to maximize the realization of opportunities (ISO 3100). Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, accidents, natural causes and disasters or events of uncertain or unpredictable root cause. Project failures can occur at any phase including design, development, production or sustainment life-cycles. (John, 2005).

According to ISO 3100, risk management should create value, address uncertainty and assumptions, be systematic and structured, be transparent and inclusive, and be dynamic and responsive to change, be capable of continual improvement and enhancement and be continually re-assessed. ISO 3100 further argues that the process of risk management consists of several steps which include: Identification of risk in a selected domain, mapping out the social scope of risk management, identifying the objectives of stakeholders and the basis upon which risks will be evaluated; defining a framework for the activity; developing an analysis of risks involved in the process and mitigation or solution of risks using available technological, human and organizational resources.

In project management, risk management includes: planning how the risk will be managed in a particular project, assigning a risk officer, maintaining live project risk database, creating anonymous risk reporting channel, preparing mitigation plans for risks that are chosen to be mitigated and summarizing planned and faced risks and effectiveness of mitigation activities. (Paul, 2010). Risk management is pertinent for mega projects as they have been shown to be particularly risky in terms of finance, safety, social and environmental impacts.

Project management has always focused on meeting the implementation date and staying within the budget. However, one of the main causes why projects do not stay within budget and time schedule is due to lack of risk management embedded in the project life cycle. As a result risks go undetected and later turn into issues impacting the project's budget, schedule scope and quality (Drobis, 2009).

Key to enhancing project management in order to meet a given budget or imposed schedule is identifying risks at the initial phase of the project. This will enhance the understanding of the project, ensure requirements are clear, ensure there is enough funding and ensure that the project is right for the organization (Lynn, 2004).

In enterprise risk management, a risk is defined as a possible event or circumstance that can have negative influences on the enterprise in question. Its impact can be on the very existence, the human and capital resources, the products and services or the customers of the enterprise, as well as external impacts on society, markets or the environment. (Institute of Risk Management, 2010)

The Casualty Actuarial Society (CAS) has defined enterprise risk management as "the process by which organizations in all industries assess, control, exploit, finance and monitor risks from all sources for the purpose of increasing the organization's short and long-term value to its stakeholders."

To accomplish the goals of the project and incorporate risk management, a project manager should look towards enterprise risk management. Intertwining enterprise risk management into project management will give the project manager a broad view of the enterprise risks and potential impact on the given project.

his provides a starting point for the project's risk management and plan. Project managers should focus on key aspects of enterprise risk management and utilize the risk criteria to determine the project risks. (Dobris, 2010)

To combine ERM and project management, one must understand the organizational risks that may impact on the project. A project risk should be identified for the impact on the project only and not on the existing organization or business structure. Project risks will be managed and monitored throughout the life-cycle of the project only. Once the project ends the risks end with it.

It build ERM into a project, the project manager should identify risk factors that may impact the project's budget or schedule. The project manager must also understand whether the project resources will remain dedicated to the project. Additionally, the project manager must understand the associated project risks through risk assessment. The risk assessment looks at the likelihood and impact of the particular risk on the project. The risk assessment exercise should take place with the key stakeholders. Critical risks are determined based on a risk threshold that is set by the project

manager and key stakeholders. The risks of the project will continue to evolve throughout the project's life-cycle.

The project manager must monitor the risks and provide status updates to the sponsor and key stakeholders. (Sheedy et al, 2005).

At the global level ERM has had an effect of harmonizing organizational needs, culture and stakeholder requirements. Organizations have come to recognize the importance of managing all risks and their interactions. There is growing recognition that risks must be managed with the total organization in mind through an integrated or holistic view of risks. A holistic approach gives global organizations a true perspective on the magnitude and importance of different risks (John 2009). There is the growing tendency to quantify risks. Advances in technology and expertise have made quantification easier even for the infrequent, unpredictable risks that historically have been difficult to quantify. Despite these advances, there will always remain risks that are not easily quantifiable. They include risks that are not well defined, unpredictable risks, risks subject to manipulation and human intervention and newer risks (Martin, 2004).

Formally, global organizations took a defensive posture towards risks, viewing them as situations to be minimized or avoided. Nowadays organizations have come to recognize the opportunistic side, the value creating potential of risk. While avoidance or minimization remains legitimate strategies for dealing with certain risks by certain organizations at certain times, there is also the opportunity to swap, keep and actively pursue other risks because of confidence in the organization's special ability to exploit those risks (Martin, 2004).

At the regional level, ERM is practiced to a great extent and is seen to extend well beyond the hazard risks and expresses risk not just as a threat but as opportunity. Through ERM, there is a clear linkage between business fundamentals and the actual performance of organizations. (Bent, 2006).

Regional organizations by nature manage risks and have a variety of existing departments or functions that identify and manage particular risks. However, each risk function varies in capability and how it coordinates with other risk functions. A central goal and challenge of ERM is improving this capability and coordination, while integrating the output to provide a unified picture of risk for stakeholders and improving the organizations ability to manage the risks effectively. (Lynn, 2004).

Risk functions in many regional organizations that participate in an ERM program typically include: strategic planning which identifies external threats and competitive opportunities along with strategic initiatives and address them; marketing department understands the target customer and ensures products alignment with customer requirements; compliance and ethics division monitors compliance with code of ethics and directs fraud investigations whereas accounting financial compliance identifies financial reporting risk. The law department manages litigation and analyses emerging legal trends that may impact the organization and operational quality assurance verifies operational output is within tolerances. Thus many regional organizations have policies and techniques in place to identify, measure, monitor and manage some risk component (Lynn, 2004).

At the regional level, especially at the East African Community, ERM have helped manage and improve cost of debt and credit. Many organizations have topped the positive opportunities in risk resulting to

enhanced governance, reputation and decision making. Most manufacturers in the region are combining leading safety practices and ERM to support industry excellence. Many organizations in the region seek out risks to increase diversification on realization that risk is not completely avoidable and in fact informed risk taking is a means to competitive advantage (Alexis, 2002).

At the local level ERM has been practiced in various organizations including manufacturing, health, security, oil processing as well as in the service industries such as banking and insurance. Immediate ERM benefits can result from improved efficiency as existing risk-relate activities are aligned into a coherent ERM frameworks or from improvements in how risk management resources are allocated against high priority risks. Other benefits can be found in the year-on-year improvement in risk understanding including alignment of risk appetite with the resources used to manage risk across the organization (Chris, 2007).

Still at the local scene, different organizations can use different ERM frameworks each of which describe an approach for identifying, analyzing, responding to and monitoring risks and opportunities, within the internal and external environment facing the enterprise. Local organizations select a risk response strategy for specific risks identified and analyzed. Such risk response strategies may include avoidance, reduction, risk sharing or insurance as well as acceptance where no action is taken. Monitoring is performed by management as part of its internal control activities, such as review of analytical reports or management committee meetings with relevant experts, to understand how the risk response strategy is working and whether the objectives are being achieved (Njoroge, 2008).

At the CDF projects, project managers normally identify potential impact of key risks and resources are allocated to manage and incorporate key risks into project development.

According to the Constituency Development Fund Board website, the Constituencies' Development Fund was established through the CDF act, 2003 as a public funded kitty that targets developments at the grassroots level. It is one of the several devolved funds set up by the government to mitigate poverty and to harmonize the spread of development throughout the country. The aim of CDF is to finance development projects qualified on a priority basis arrived at by members of a constituency. The CDF fund allocation is in line with national development and vision 2030. The constituencies should use their share of the money efficiently and accountably. Several sectors funded by CDF include Education sector, health sector, water sector, roads and bridges, security sector, agriculture sector and others such as environment and sports.

The flow of CDF funds follows an orderly procedure where the treasury releases funds to the CDF board through the Ministry of State for Planning and National Development and Vision 2030. CDF Board disburses funds to the Constituencies Development funds Committee (CDFC) upon approval of projects. CDFC disburses funds to the Project Management Committees (PMC) through district treasuries. PMSs release funds to projects based on work plans. Project Management Committees prepares project work plans and budgets and maintains project bank accounts.

The CDF concept is considered to be one of the best concepts to be thought of and implemented in the country. The CDF website clearly articulates the vision, mission and core values of the Constituency

Development Fund. The CDF vision is 'to be the leading public institution in the effective and efficient management of devolved funds'. The CDF mission is 'to provide leadership and policy direction in the optimal utilization of devolved funds for equitable development and poverty reduction at the community level. The core values of CDF are 'transparency and accountability, professionalism and integrity, passion for results, neutrality and timeliness, excellence in service delivery, advocate for participating approaches, collaboration and teamwork and commitment to staff welfare.' Finally, the CDF core functions include: Ensuring timely and efficient disbursement of funds for each constituency, ensuring efficient management of the fund; receiving and discussing reports and returns from the constituencies, receiving and addressing complaints and disputes and taking appropriate action.

ERM provides better information to managers and a more robust process for them to deploy. Effective enterprise risk management should satisfy multiple objectives and reduce the risk that an entity may not achieve its objectives. ERM implementation should emphasize strategy setting. Management must decide the nature of the ERM solution based on the organization's size, objectives, strategy, structure, culture, management style, risk profile, industry, competitive environment and financial constraints. The trend towards ERM recognizes that risks are complex and interrelated, and the business environment is getting complex each day. Therefore, significant benefits can be achieved from evaluating and managing risk on a comprehensive enterprise basis.

The process of implementing ERM is fundamentally a process of education, building awareness, developing buy-in and ultimately assigning

accountability and accepting ownership. Risks will continue to change and evolve as the global market place changes and evolve; implementing ERM should be viewed as a commitment to continuous improvement.

ERM is a process for dealing with risks and opportunities. Project managers focus on investments and return, on opportunity and reward and competitive advantage and growth. ERM will assist such managers to gain confidence that they understand the project's risks and have the capabilities in place to manage those risks. Project managers must carefully evaluate risk and reward and channel resources to the best opportunities consistent with the stakeholders' risk appetite.

Statement of the Problem

ERM has emerged as an important new business trend which aligns strategy, process, people, technology and knowledge with the purpose of evaluating and managing the uncertainties the enterprise faces.

Risk analysis will give the necessary input to find effective responses to optimize the risks (Lynn, 2004). ERM can be used to enhance shareholder value, reduce total cost of risk, strengthen business resiliency and increase operational efficiency (Global enterprise risk management survey, 2010).

The Kenyan government, through its CDFs has undertaken many projects. Yet it has been observed that the failure rate of CDF projects is high, out of all the projects undertaken, 40% failed. (Kenya Taxpayers Association 2009). However, it is not known whether the CDF project managers have implemented any enterprise risk management policies aimed at preventing or reducing possible impact of risks that such projects are exposed to. Project managers believe ERM is important and brings a

competitive differentiator but many are unable to translate risk information into action steps that drive business value.

Purpose of the Study

The purpose of this research was to investigate the enterprise risk management (ERM) practices and its contribution to Constituency Development Fund (CDF) projects. Bungoma County CDF was the main focus of this study.

Research Objectives

1. To establish the risks likely to affect CDF projects in Bungoma County.
2. To determine ERM practices used on CDF projects in Bungoma County.
3. To establish the contribution of ERM on success of CDF projects
4. To determine the level of success in CDF projects

Research Questions

1. What risks are likely to affect CDF projects in Bungoma County?
2. What are the ERM practices used on CDF projects in Bungoma County?
3. What is the contribution of ERM on success of CDF projects?
4. What is the level of success in CDF projects?

Hypothesis

1. H_O: CDF Projects in Bungoma County do not have ERM Practices.

Scope

Geographical scope

The study was limited to CDF projects in Bungoma County. A sample of the projects was selected to investigate their practice of ERM models.

Theoretical scope

The term "enterprise risk management", ERM, represents a holistic approach to managing risks that an enterprise faces in the rapidly changing business environment. For the purpose of this study, ERM was defined as the process by which organizations in all industries assess, control, exploit, finance and monitor risks from all sources for the purpose of increasing the organization's short and long-term value to its stakeholders.

Project risks are identified for the impact on the project only and not on the existing organization or business structure. Project risks was managed and monitored throughout the lifecycle of the project only. Once the project ends, the risks end with it.

Content scope

The research was limited to ERM contribution and impact at the CDF project level risks at the Bungoma County. The research addressed the impact of risks to a project's budget and schedules as well as quality with an aim of helping project managers conduct enterprise risk assessment to identify and prioritize the organization's critical risks.

Time Scope This study was conducted from June 2012 to November 2012.

Significance of the Study

The study is of importance to the following parties:

i) The CDF Project Management Committees in Bungoma County will be able to use the research findings to know the effectiveness of ERM models in the county.

ii) The CDF Project Management Committees in other constituencies will be able to use the research findings to understand the effectiveness of

ERM models and how such models can be applied in their constituencies.

iii) The Constituency Development Fund Committee (CDFC) will be able to use the research findings to monitor the project's risk management policies and how to improve on CDF project's risk management.

iv) The Constituency Development Fund Board and the Ministry of State for Planning, National Development and Vision 2030 will use the research findings to make informed decisions on risk management for CDF projects.

v) The government, the community and other stakeholders will find the research findings useful as they will be able to understand how an effective ERM model can be used to reduce risk exposures for CDF projects.

vi) Since the study was limited to Bungoma County only, the findings will add to the existing body of knowledge and form a basis for further research.

Operational Definition of Key Terms

Risk – Risk refers to any event that hinders the achievement of one's goals or objectives.

Enterprise Risk Management– refers to the identification, assessment and prioritization of risks, and making strategic plans to minimize, monitor and control outcomes.

Project – is an investment activity aimed at achieving specific objectives through deliverance of measurable outputs/outcomes to a specific group of people within a specific time period.

Constituency Development Fund – refers to Constituency Development Fund which was established through an act of parliament in Kenya in 2003 to finance development projects in various constituencies.

Contribution – refers to the influence or support that ERM gives to the success of CDF projects.

Success – refers to one's ability to achieve desirable objectives.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Concepts, Ideas, Opinions from Experts/Authors

Risk is a condition in which there is a possibility of an adverse deviation from a desired outcome that is expected or hoped for. Here, risk is a condition of the real world. It is a combination of unfavorable circumstances in the external environment. It is important to note that the person exposed to that possibility might not be aware (IRM, 2010). There are at least two aspects to it, that is, perils and hazards. A peril is the cause of loss for example if a car is stolen, the peril is theft. Hazard is a condition that increases the chance of loss, for example defective wiring in a building increases the chance of fire (Hopkin, 2010).

Risk management is defined as the identification, analysis and economic control of those risks, which can threaten the assets or earning capacity of business.

Risk management is a scientific approach of dealing with both insurable and uninsurable risks faced by individuals and business. The approach involves identification, analysis and control of those risks which can cut short the earnings capacity or the lives of assets of a business.

Risk Management Process

Hopkin (2010) identifies Risk management process as consisting of six steps as follows:

- Determination of objectives
- Identification of loss exposure

- Evaluation of risk
- Selection of techniques to handle the risk
- Implementation of techniques
- Evaluation and review of risk management program.

Determination of Objectives

In this case the risk manager decides and states precisely what the firm requires for its risk management program. Risk management may be pursued to fulfill several objectives such as survival, economy, and acceptable level of worry, anxiety and earnings stability. Earnings stability involves limiting unforeseen reductions in earnings caused by losses to acceptable limits. Economy entails keeping risk management costs to the lowest practical level. Other objectives of risk management may include uninterrupted operations, continued growth and social responsibility which limit losses to members of the society.

Identification of Loss Exposures

The risk manager must be aware of all potential losses faced by the firm. This can be done by use of check lists, questionnaires, and flowcharts, analysis of financial statements, physical inspection and historical data.

The checklist contains all types of pure risks that might exist for a business. Such checklists are available from insurers or from commercial publishers. Checklist is a catalogue of various types of insurance that an enterprise might need. The risk manager identifies risks that are relevant to his organization which may include property loss exposure, liability loss exposure and business income loss exposures. Risk analysis questionnaires require the risk manager to answer numerous questions that identify major and minor loss exposures.

Physical inspection helps to discover undetected risks by inspecting the firm's operation sites and through discussions with other managers and workers.

Flow charts make the risk manager to be familiar with the technical aspects of the business, thus increasing the likelihood of identifying special risks.

Analysis of financial statements and historical data can help identify major assets that must be protected, loss of income exposures, key customers and suppliers.

Evaluation of Risk

Once the risk has been identified, it is then analyzed or measured as its potential severity and frequency. Evaluation gives an idea of how big the loss is likely to be and the probability that it will occur.

The risk manager has a certain magnitude of loss that accompanies the occurrence of the risk. He has to find out whether the number of occurrence of the loss and their severity will tend to be the same from year to year or will fluctuate.

Consideration and selection of technique to handle the risk.

The risk manager must know what to do with a risk. He can insure it, transfer it, assume the risk, reduce the risk or avoid the risk. Risk control refers to techniques that reduce the frequency and severity of losses that an entity is exposed to. The major risk control techniques include: risk avoidance, risk prevention and risk reduction. Risk avoidance entails avoiding as many risks as possible where certain risks are abandoned and certain loss exposures are never acquired. Risk avoidance reduces the chance of loss to zero.

Risk prevention refers to measures that reduce the frequency of a particular loss (IRM, 2010). Risk reduction refers to measures that reduce the severity of a loss after it occurs for example limiting the amount of cash on the premises.

Risk financing refers to techniques that provide for the funding of losses after they occur. Three major financing techniques include risk retention, non-insurance transfers and commercial insurance. In risk retention, the firm retains some of the losses that can result from a given loss. Risk retention means that the firm is aware of the loss exposure and plans to retain part of or all of its losses. Risk retention may be used where no other method of risk management or where losses are highly predictable.

Risk transfer is achieved through contractual agreement. The parties exposed to a risk deliberately transfer it to another on agreed terms and conditions. Risk transfer involves exchange of uncertainty for certainty.

In risk transfer, the entity pays a certain amount of money (premium) in exchange of a potentially huge uncertain sum (liability). Risk transfer may be achieved through insurance, through leasing, through hedging or through surety bonding.

Insurance risk transfer involves the case whereby the insurance company agrees to compensate any resultant losses occurring within the terms of the policy. In non-insurance transfers, other methods other than insurance are used to transfer risks to another party. In non-insurance transfer, the potential loss may be shifted to someone who is in a better position to exercise loss control.

Commercial insurance is the commonest method of risk transfer. Insurance has been variously defined as an economic system of reducing

risks through transfer and sharing of losses or a legal device of risk transfer in a contract of indemnity or a social method in which losses of few are paid by many.

Implementation of Technique

Implementation refers to execution or operationalisation of the decisions made. Thus entities resources are deployed to carry out the desired course of action following evaluation of alternative approaches of handling risks.

Evaluation and review of the risk management programme

The risk management programme needs constant evaluation and review. Such evaluations facilitate determination of whether the objectives of the risk management programme are being achieved and if not what deviations / hindrances are there.

Basic Categories of Risks

Hopkin 2010, identifies the following categories of risks:

Pure and speculative risk

Pure risk is a situation in which there are only the possibilities of loss or no loss. The only possible outcomes are adverse (loss) and neutral (no loss). For example damage to property by fire, lighting, flood or earthquake. Speculative risk is a situation either profit or loss is possible. There is a possibility of loss as well as gain or a breakeven. For example betting in a football match, investing in stocks, et al.

Fundamental and Particular Risk

Fundamental risk is a risk that affects the entire economy or a large number of persons or groups within the economy, for example wars, natural

disasters etc. Particular risk is a risk that affects only individuals but not the entire community for example car theft, bank robbery, house fire, et al.

Enterprise Risk

This encompasses all major risks faced by a business firm. It includes pure risk, speculative risk, strategic risk, operational risk and financial risk.

Environmental and Process Risks

Environmental risks are uncertainties arising in the external environment affecting the viability of the enterprise business model. Process risks are uncertainties affecting the execution of the business model, and often arise internally within the organization business processes.

Risk Measurement

According to Lynn (2004) risk measurement methods include risk rating or scoring, claims exposure and cost analysis, surrogate performance measures, historical simulation value at risk, scenario analysis, Monte Carlo value at risk and earnings at risk.

Risk rating or scoring systematically rates or scores the level of risk. Claims exposure and cost analysis evaluates the variables that determine the cost of various types of claims such as warranty, litigation, environmental, health and safety. Surrogate performance measures uses measures of quality, time and cost performance as surrogates for measuring risk.

Historical simulation value at risk computes value at risk based upon the assumption that the distribution from which future values of an underlying variable will be drawn over the selected time horizon is identical to the distribution of historical values observed over a specified period of time in the past. Monte Carlo value at risk calculated value at risk by adjusting the distribution of possible values for what managers believe will be closer to

reality than a distribution based solely on a historical sample. Finally, earnings at risk measure the extent to which earnings might fall short of expectations during the planning horizon, given management's assumptions around key risks.

Enterprise Risk Management

The term 'Enterprise Risk Management', ERM, represents a holistic approach to managing risks that an enterprise faces in a rapidly changing business environment. The Casualty Actuarial Society (CAS) defines enterprise risk management as the process by which organizations in all industries assess, control, exploit, finance and monitor risks from all sources for the purpose of increasing the organization's short and long term value to its stakeholders.

Enterprise risk management requires a holistic, integrated, proactive, forward looking and process oriented approach to manage all key business risks and opportunities (Lynn, 2004).

In enterprise risk management, a risk is defined as a possible event or circumstance that can have negative influence on an enterprise. As impact can be on the very existence, the resources, the products and services, or the customers of the enterprise, as well as external impacts on society, markets or the environment (IRM, 2010).

ERM lays stronger emphasis on measuring, aggregating and managing enterprise wide risks. Risk measures are linked to performance goals, early warning are in place and capital allocation techniques are developed and effectively deployed. There is consistent adherence to enterprise wide policies, procedures and methodologies.

In ERM processes and outputs are quantitatively defined, and controlled, requisite skills and experience are in place with enterprise wide communication, collaboration and knowledge sharing more evident. The organization has the ability to conduct forecasting, scenario planning and trend analysis and is prepared for significant disruptions if they occur (IRM, 2010).

Enterprise Risk Management and Project Management

Project management focuses on meeting the implementation date and staying within the budget but the aspects of doing so are strenuous on the project manager and stakeholders. To enhance project management and to meet a given budget and schedule; the project manager must identify risks at the scope phase of the project. This will enhance the understanding of the project, ensure there is enough funding and ensure the project is right for the organization (ERM, 2010).

To accomplish goals of the project and incorporate risk management, a project manager should look towards enterprise risk management. This will give the project manager a broad view of the enterprise risks and the potential impact on the given project. One of the main causes projects do not stay within budget and on schedule is due to lack of risk management embedded in the project life cycle.

The project manager can understand associated project risks through risk assessment. Risk assessment looks at the likelihood and impact of a particular risk on the project (Lynn, 2004). There is growing recognition that risks must be managed with the total organization in mind.

ERM and Existing Risk Management Approaches

Traditional risk management approaches are focused on protecting the tangible assets reported on a company's balance sheet and related contractual rights and obligations. However, the emphasis of ERM is on enhancing business strategy. The scope and application of ERM goes beyond protecting physical and financial assets.

Under the ERM approach, the scope of risk management enterprise is wide and the application of risk management is targeted to enhancing as well as protecting the unique combination of tangible and intangible assets comprising the organization's business model. Future events can affect both tangible and intangible assets of an enterprise (Richard et al 2000).

ERM seeks to enhance and protect enterprise value in the pursuit of new opportunities for growth and return. The following categories of assets include sources of value underlying an organization's business strategy. They include physical assets, financial assets, customer assets as well as employee/supplier assets (Richard et al 2000).

Physical assets include land, buildings, equipment and inventory. Financial assets include cash, receivables, investment and equity. Customer assets include customers, channels and affiliates. Employee and supplier assets include employees, suppliers and partners. Thus, under the traditional risk management approaches, the process is fragmented, risk is viewed as negative and risk management process is cost-based, narrowly focused and functionally driven. Under ERM, the process is integrated, risk is viewed as positive and risk management activity is value-based, broadly focused and process driven. The traditional risk management model is focused on managing uncertainties around physical and financial assets. ERM is focused

on the enterprise's entire asset portfolio, including its intangible assets such as its customer assets, its employee and supplier assets.

Components for use when evaluating ERM

According to ISO 31000, the following components may be used to evaluate ERM.

Internal environment – this reflects on the entity's risk management philosophy, risk appetite, broad oversight, and commitment to ethical values, competence and development of people.

Objective setting – management sets strategic objectives which provide a context for operational, reporting and compliance objectives. Objectives are aligned with the entity's risk appetite, which drives risk tolerance levels for the entity, and are a pre-condition to event identification, risk assessment and risk response.

Event identification – management identifies potential events that may affect an entity's ability to implement its strategy and achieve its objectives and performance goals. Negative events represent risks whereas positive events represent opportunities.

Risk assessment – management uses qualitative and quantitative methods to evaluate the likelihood and impact of potential events which might affect the achievement of objectives over a given time horizon. Potential future events might be considered during a risk assessment. Physical assets may be affected by unauthorized use, inefficient use, catastrophic loss and unacceptable loss. Financial assets may be affected by poor economic performance, unacceptable losses, unexpected losses and inefficient use. Customer assets may be affected by quality failures, loss of key customers, inefficient channels and ineffective alliances. Finally,

employee and supplier assets may be affected by talent shortages, loss of morale, poor quality and ineffective partnerships.

Risk response – management considers alternative risk response options and their impact on risk as well as the resulting costs versus benefits. According to Richard et al (2000), specific risk responses can be chosen from four fundamental choices. The choices include risk avoidance, risk acceptance, risk reduction and risk sharing.

Risk avoidance eliminates the risk by preventing exposure to future possible events from occurring. Risks may be avoided by exiting a market or geographic area, by prohibiting unacceptable high risk activities, transactions and asset exposures through appropriate corporate policies and standards. Other risks may be avoided by refocusing strategies and policies or eliminating the source of risk by designing and implementing internal preventive processes.

Risk acceptance retains risk at its present level. Risk may be accepted through self insurance such as captive insurance or risk may be offset against others with a well defined pool.

Risk reduction involves implementing policies and procedures to lower the risk to an acceptable level. Risk reduction may be achieved by improving capabilities to manage a desired exposure.

Risk sharing involves transferring the risk to a financially capable, independent counterparty. Risk sharing may be achieved through insurance, reinsurance, hedging or securitization.

Monitoring – proper monitoring and control helps to ensure achievement of objectives.

Table 1
Evaluation of Future Uncertainties in ERM

ASSET CATEGORY	EXAMPLES OF EXPOSURES	SOME ILLUSTRATIVE VARIABLES FOR EVALUATING UNCERTAINTY
Physical	Physical facilities	Catastrophic occurrence probability of: • Maximum possible loss • Maximum foreseeable loss • Normal loss
	Production throughout	• Defects occurrence probability • Changes in backlog
Financial	Net monetary assets	• Change in interest, exchange and inflation rates
	Business plan cash flow	• Change in interest, exchange and inflation rates
	Total accounts receivable	• Customer default probability
	Commodity holding	• Changes in oil, metals, power and other prices
	Equity holding	• Changes in stock prices
Customer	Customer base	• Change in service quality index
	Revenue streams	• Change in competitor pricing • Returns occurrence probability
Employee supplier	Employee group	• Change in change readiness index • Health and safety incidents occurrence probability
	Strategic supplies	• Change in just-in-time performance ratings • Change in quality ratings • Change in raw materials prices
Organization	Brand image	• Change in ability to deliver on brand promise
	Differentiating strategy	• Change in quality, time and cost performance relative to competitors • Change in customer expectations and wants
	Innovative processes	• New technological innovations that obsolete existing process capabilities.

ERM Model

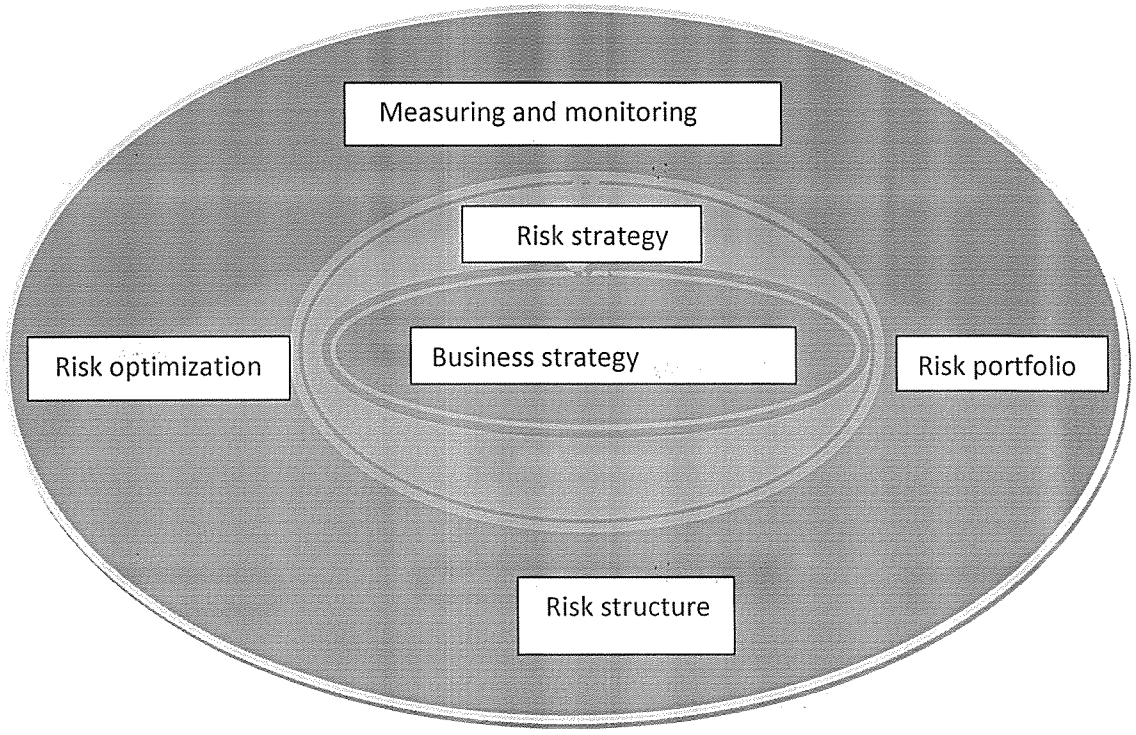
Enterprise Risk Management is the discipline by which an organization in any industry assesses controls, exploits finances and monitors risks from all sources for the purpose of increasing the organization's short- term and long-term value to its stakeholders. ERM model is recognized as a strategic decision support framework for management. It improves decision-making at all levels of the organization.

ERM models

New models maintain that ERM should be hiked to the entity's business strategy which encompasses on organization's vision, mission and objectives as well as its philosophies and policies.

Figure 1

A NEW ERM Model KPMG Building Shareholder Value 2010



Risk strategy is built around and supports the business strategy. Risk portfolio development, optimization, measuring and monitoring take place. Aligning ERM resources with business strategy helps maximize organizational effectiveness.

ERM models can be represented through use of structural simulation models. "Structural" means the manner in which the relationships among random variables are represented in the model.

Structural models are based on cause-effect relationship. The cause effect relationship may be derived from data and expert opinion.

Structural models can examine the causes during certain outcomes and the ability to directly model the effect of different decisions on the outcome.

Other Project Models

A) Gannt Chart

A Gantt chart is a horizontal bar chart developed as a production control tool in 1917 by Henry L. Gantt, an American Engineer and social scientist. Gantt is used in project management and it provides a graphical illustration of a schedule that helps to plan, co-ordinate and track specific tasks in a project.

A Gantt chart is constructed with a horizontal axis representing the total time span of the project, broken down into increments such as days, weeks or months and a vertical axis representing the tasks that make up the project. Gannt chart gives clear indication of project status.

B) Pert Chart

A Pert Chart is another popular model used in project management. Gantt chart stores more information about tasks e.g. individuals assigned to specific tasks. PERT charts offer the benefit of being easy to change. PERT chart may be adjusted frequently to reflect actual status of project task.

CDF Concept in Kenya

The constituency's development Fund was established through the CDF, act, 2003, as a public Funded Kitty that targets development projects at the grass roots level. It is one of the several developed funds set up by the

government to mitigate poverty and to harmonize the spread of development throughout the country. It aims at ensuring a portion of the government annual revenue is earmarked for constituencies to finance development projects arrived at by members of a constituency.

Project Risk

This is the total risk associated with an investment project. Failure rates of projects in Africa remain high. There is need to focus on how to reduce project risks. It is wise to minimize the impact of project risks and seize the opportunities that occur.

Moteff (2005) identifies several risk management strategies that project manager can apply to succeed in a project;

- Make risk management part of your project because ignoring risks do not negate their occurrence.
- Identify risks early in your project – identify the risks that are present in a project by focusing on future scenarios that may occur. Interviews, team sessions and brainstorming are common methods to discover risks that people know.
- Communicate about risks in order to monitor projects progress effectively.
- Consider both threats and opportunities. Project risks have negative impact which can harm a project. Project opportunities are uncertain events that are beneficial to the project as they can make the project more profitable.
- Prioritize tasks – some risks have a higher impact than others. The project manager should spend time on risks that can cause the biggest

losses and gains. The project manager must consider the effects of a risk and the probability that it will occur.

- Analyze risks – the project manager must consider the effects of a risk and the causes that can make it happen. Risk analysis gives the necessary input to find effective responses to optimize the risks.
- Plan and implement risk responses. Implementation helps the project manager make a sound risk response plan that minimizes the risk occurrence. The project manager has four options in dealing with risks:
- Risk avoidance – this means organizing a project in such a way that the risk is not encountered any more. This could mean changing supplier or adopting a different technology. When dealing with a fatal risk, the project may be terminated.
- Risk transfer – the project manager may chose to mitigate by transferring the risk to a thirty party, thus taking an insurance cover.
- Risk minimization entails influencing the causes or decreasing the negative effects of a risk.
- Risk acceptance – risk may be accepted if the effects on the project are minimal or when the possibilities for influencing risk proves to be difficult. Risk opportunities focus on seeking risks and maximizing them.
- Track risks and associated tasks – the project manager must track risks and their associated tasks. Tracking risks focuses on the current situation of risks and the probability of occurrence.

Risk Management Activities as Applied to Project Management

In project management, risk management includes planning how risk will be managed in a particular project. Plans may include risk management tasks, responsibilities, activities and budget.

A risk should have an assigned person responsible for its resolution and a date by which the risk must be resolved. Each team member must have the responsibility to report risks that he foresees in the project. (Lynn, 2004).

Risk management activities may include mitigation plans for risks that are chosen to be mitigated. A mitigation plan describes how each particular risk will be handled. Risk management is pertinent for mega projects because they are risky in terms of finance, safety, social and environmental impacts. Major projects include bridges, tunnels, highways, railways, airports, seaports, power plants, dams, oil and natural gas extraction projects (ISO, 31000).

How to Measure Success Of CDF Projects

According to William (2005) a project is considered successful when it meets the objectives of stakeholders while staying within an agreed timeline and budget. Some projects go through a series of tests to determine if a business got sufficient value out of them. Project success may be measured using revenue and cost savings. Other factors for measuring project success include schedule, scope, budget, quality of work and stakeholder satisfaction. Schedule has to do with whether the project was completed the time it was due. Scope refers to what needs to be accomplished within the time frame. It is important to track project quality and make adjustments accordingly. Budget refers to the proposed cost of the project. To ensure profitability, the

project team should stick to the budget. The stakeholders should be happy with the final product.

Duggal (2010), argues that projects delivered on time, within budget and meet scope specifications may be perceived to be successful by key stakeholders. Successful projects should be completed in time, good quality construction and provide good value for money for the community.

Benefits of Implementing ERM into a Project

The primary benefits of an ERM Program include improved performance, enhanced risk governance and the integration of known risk management best practices (Lynn, 2004)

Other benefits can result from improved efficiency as a existing risk related activities are aligned into a coherent ERM framework. Further, ERM enables organizations to understand potential vulnerabilities and coordinate key risk management processers.

The involvement of key stakeholders enhances the quality of information used in core decision processes such as strategic planning, mergers and acquisitions and budgeting. (IRM, 2010).

Embedding ERM into Project

Management provides better visibility into the risks of the organization as well as a particular project. Additional benefits of embedding ERM into project management include increased awareness on the impact or risks to a projects' budget, schedule as well as quality and increased collaboration with stakeholders.

Ideally ERM should create valve, explicating address uncertainty and assumptions, be transparent and inclusive, be dynamic and responsive to

change and be capable of continual improvement and enhancement (Lynn, 2004)

Theoretical Perspective

According to Brian Nocco and Rene Stuiz of Ohio State University's theory (2006), companies that succeed in creating an effective ERM have a long-term competitive advantage over those that manage and monitor risks individually.

Companies that measure and manage risks consistently and systematically by giving managers the information and incentives to optimize, the tradeoff between risks and returns strengthen their abilities to carry out strategic plans.

Related Studies

A research on ERM by COSO framework (2004) concluded that the main challenge in implementing ERM lies in identifying the cost-benefit ratio of the risk management effort. Other challenges lie in developing a technical ERM framework that enables secure participation of all stakeholders.

Another research conducted in Bungoma County by National Taxpayers Association (NTA) (2010), found that only a small percentage of the project managers practice ERM and about 25% of the projects had stalled for various reasons.

Njoroge (2009) conducted a research on risk management approaches by selected organizations in Mombasa district. He concluded that there is poor risk management as most organizations lacked any risk response strategies.

CDF Projects in Bungoma County Kenya

Bungoma county is in western Kenya. It has a population of 1,630,934 persons. The county is divided into three constituencies which include: Sirisia, Bumula and Kanduyi.

CDF Projects in Sirisia Constituency

Several studies have been carried out in Sirisia constituency. A report by the National Tax Payers Association in 2007/2008 financial year found that 23%o of the total cdf Funds allocated were on ineffective projects.

Summary of findings from national taxpayers association

Category	Project Assessment Classification	No. of Projects
A	Well built completed projects. good quality material. Good value for money for taxpayers.	50
B	Badly built complete and incomplete projects-poor quality construction, money wasted, poor value for money.	45
C	Well built, ongoing projects-projects not yet complete, being built in phases, so far well built.	85
Total		**180**

Category A projects were found to be well built, with good value for money. Category B projects were found to be poorly constructed with poor value for money and with budgets larger than what was initially allocated. Category C projects were well implemented but incomplete.

Category D included abandoned projects that were incomplete and did not receive any financial allocation in subsequent years. Category C represented

ghost projects. Such projects had been officially funds which had been spent but the projects did not physically exist.

CDF Projects in Bumula Constituency

Category	Project assessment Classification	No. Of projects
A	Well built completed projects, good quality construction, good value for money for taxpayers	52
B	Badly built ,complete and incomplete Poor quality construction, money wasted, poor value for money.	15
C	Well built ongoing projects not yet complete.	25
D	Ghost projects which were officially allocated funds but did not physically exist.	8
	Total	**100**

CDF Projects Kanduyi Constituency

Category	Project assessment Classification	No. of Projects
A	Well built completed projects, good quality construction ,good value for money for taxpayers	30
B	Badly built ,complete and incomplete Poor quality construction, money wasted, poor value for money.	48
C	Well built ongoing projects not yet complete.	67
D	Ghost projects which were officially allocated funds but did not physically exist.	15
	Total	**140**

CDF allocations to Kanduyi constituency 2003/2004-2007/08

Constituency Name	2003 /2004	2004 /2005	2005 /2006	2006 /2007	2007 /2008	Total
Kanduyi	6,000,000	28,908,557	41,427,996	51,794,191	52,144,199	128,652,185

25% of the total CDF allocated to the monitored projects in financial Year 2007-2008 were on ineffective projects. 18% of the total CDF funds allocated to the monitored projects in financial year 2007-08 were unaccounted for.

CHAPTER THREE

METHODOLOGY

Research Design

This is a descriptive study which aims to investigate ERM practices and its contribution to CDF projects, Bungoma County. According to Donald and Pamela (1998), a study concerned with finding out who, what and how of a phenomenon is a descriptive design. This study is mapped out under a similar concern.

Research Population

The population of interest in this study consists of all CDF projects in Bungoma County. According to the CDF website for 2011, there are 420 CDF projects in Bungoma County. The respondents will be persons that make strategic decisions in the CDF projects in Bungoma County. One person per project will be required to fill the questionnaire, preferably the project manager or equivalent.

Sample Size

Given the number of the target population of 420; Table 1 below shows the sample size for respondents of the study according to constituents. The Slovene's formula is used to determine the minimum sample size.

$$n = \frac{N}{1+N(e^2)}$$

Where n = sample size
N = population
e = level of significance (0.05)

Table 2

Population and Sample size

Constituents	Population	Sample size
Bumula	100	49
Kanduyi	140	68
Sirisia	180	87
Total	**420**	**204**

Sampling Procedure

There are two main forms of sampling; probability and non-probability. In probability sampling, each unit had a known, non-zero chance of being selected while in non-profitability sampling the chances of being selected are not equal for each unit (Kothari, 2010). This study used quota sampling techniques to group respondents (project managers) into clusters or strata according to the 3 constituents in Bugoma County. Since the sample size for respondents is 204, the researcher will get 49 respondents from Bumula constituent, 68 from Kanduyi and 87 from Sirisia.

Purposive sampling was used for selecting respondents for example project Managers. And convenient sampling was used for selecting respondents who are accessed easily, this is because most of the respondents are geographical scattered and it would have been costly.

Research Instrument

The researcher devised questionnaires, interview schedules and focus group discussion questions to collect primary data. The questionnaire

consisted of a series of questions to be answered by the respondents. The questionnaire was divided into four parts. Part I contained the respondents profiles. Part II contained questions on the ERM contributions to the success of CDF projects. Part III contained questions to determine the level of CDF project success. Part IV contained questions on the level of success CDF projects. Interview schedules were used where the respondents were asked questions and their responses noted down briefly by the researcher. Focus group questions consisted of a set of questions which were presented to a group of respondents as the researcher wrote down their responses while they contributed in the discussions.

Validity and Reliability of the Instruments

Validity refers to the appropriateness of the research instrument to measure what it is designed to measure. To establish validity of the questionnaire, a panel of experts was consulted for logical justification of each question in relation to the study.

Reliability refers to stability and consistency with which a research instrument measures whatever it is intended to measure. To test for reliability of the questionnaire, a pre-test was conducted in Bungoma County involving eight projects. Project managers were the main respondents in the pre-test study.

Reliability of the scales

Croncobach's alpha coefficients were used to establish the reliability of the scales used in this study. The enterprise risk management (ERM) practices and its contribution to Constituency Development Fund projects in Bungoma County were divided into five scales measuring risks likely to affect CDF projects, ERM practices, factors influences the choice of ERM practices,

contribution of ERM on success of CDF projects and the level of success in CDF projects. Table 4.1 shows the results of the reliability analysis.

Table 3

Reliability of the scales

Scale	No. of items	Cronbach's alpha
Risks likely to affect CDF projects	7	0.835
ERM practices	11	0.813
Factors influences the choice of ERM practices	4	0.844
Contribution of ERM on success of CDF projects	15	0.734
The level of success in CDF projects	4	0.895

Source: Primary Data 2012

The Cronbach's alpha coefficients were all above the accepted minimum of 0.7 indicating that the scales were reliable.

Data Gathering Procedures

Before the Administration of the Questionnaires

An introduction letter was obtained from the College of Higher Degrees and Research for the researcher to solicit approval to conduct the study from CDF stakeholders.

When approved, the researcher secured a list of the qualified respondents from the CDF stakeholders in charge and select through systematic random sampling from this list to arrive at the minimum sample size.

The respondents were explained about the study and were requested to sign the Informed Consent Form.

During the Administration of the Questionnaires

The researcher distributed the questionnaires to the respondents and briefed them on the questions. The respondents were requested to answer the questionnaires completely. The researcher emphasized retrieval of the questionnaires within one week from the date of distribution.

After the Administration of the Questionnaires

On retrieval, all returned questionnaires were checked if all are answered. The data gathered was collected, edited, coded and summarized into the computer and statistically treated using the Statistical Package for Social Sciences (SPSS).

Data Analysis

Since it is a descriptive study, descriptive statistics was used to analyze the data. The results generated from all the questionnaires was edited and coded for analysis. Statistical package for Social Sciences (SPSS) was used to generate chi-square, correlation and ANOVA appropriate for such quantitative data.

Percentages were used to analyze data in part I, part II was analysed using mean scores and standard deviation. Part III of the questionnaire was analyzed using ANNOVA and chi-square analysis.

Ethical Considerations

The investigation is morally justified as the CDF projects are designed to benefit various stakeholders in accordance with Kenya's vision 2030. The CDF projects are intended to achieve development goals of the constituency as well as creation of employment an uplifting the standards of living of the constituents. The consent of the respondents was sought.

Limitations of the Study

In view of the following threats to validity, the researcher claimed an allowable 5% margin of error at 0.05 level of significance. Measures were also indicated in order to minimize if not to eradicate the threats to the validity of the findings of this study.

Extraneous variables which were beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study.

Testing: The use of research assistants could have brought about inconsistency in the administration of the questionnaires in terms of time of administration, understanding of the items in the questionnaires and explanations given to the respondents. To minimize this threat, the research assistants were oriented and briefed on the procedures to be done in data collection.

Attrition/Mortality: Not all questionnaires were returned neither completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels, sickness, hospitalization and refusal/withdrawal to participate. In anticipation to this, the researcher reserved more respondents by exceeding the minimum sample size. The respondents were also reminded not to leave any item in the questionnaires unanswered and was closely followed up as to the date of retrieval.

Some of the project managers were known to be very busy. Some respondents were uncooperative due to sensitive nature of the information and fear of victimization in case of failing projects.

economic behavior. Demographic analysis of the sample respondents' is done for project manager respondents within the CDF projects in Bungoma County. The rationale for this is to understand both the profile of the project manager as well as that of their potential future. This information was paramount because it sheds light on the nature and caliber of respondents and their grasp of the enterprise risk management (ERM) practices and its contribution to Constituency Development Fund in Bungoma County, Kenya. An examination of the questionnaire responses for each of the 200 respondents pertaining to gender, age, and level of education, title of job/department and levels of work experience years in CDF projects revealed the data in table 4.1 to 4.5 below.

Gender of Respondents

The study sought to establish the gender of the respondents sampled for the study. The variable gender was operationalized as male or female. The variable gender was deemed relevant to the study so as to investigate the enterprise risk management (ERM) practices and its contribution to Constituency Development Fund in Bungoma County, Kenya. The assumption here is that if the differences in enterprise risk management practices are as a result of gender imbalances, then these imbalances can be addressed. After operationalizing genders the respective frequency and percentage for each category was calculated and the results tabulated as shown table 4 below.

Table 4
Profile of Respondents

Gender	**Frequency**	**Percentage**
Female	10	5
Male	190	95
Total (N=200)	**200**	**100.0**
Age	**Frequency**	**Percentages**
18-25yrs	10	5
26-35yrs	50	25
36-45yrs	90	45
46-55yrs	20	10
56-55yrs	10	5
56-65yrs	14	7
66- and Above	6	3
Total (N=225)	**200**	**100.0**
Marital status	**Frequency**	**Percentages**
Married	106	53
Single	84	42
Divorced	6	3
Separated	4	2
Total	**200**	**100**
Education Level	**Frequency**	**Percentages**
Illiterate	40	20
Basic education	20	10
Primary	40	20
Secondary	80	40
College	16	8
University	4	2
Total	**200**	**100**
Working experience	**Frequency**	**Percentages**
less than/Below one year	6	3
1- 2yrs	14	7
3-4yrs	70	35
5-6yrs	100	50
7 years and above	10	5
Total	**200**	**100**
Position held	**Frequency**	**%**
Senior management	11	5
Intermediate management	68	30
Administrative Supervisor	101	45
Clerical	45	20
Others (specify)		
Total	**200**	**100**

Source: Primary Data 2012

The tabulated results indicated that majority of the respondents (95%) were male, compared to female (5%). The percentage disparity between the two genders is 90%. This disparity is very high, compared to CDF projects

managers. This implies that CDF project's management is highly discriminating in terms of gender. This is due to the nature of the tasks involved which work to the advantage of those who possess masculine features or characteristics. This suggests a very unbalance gender correlation between the male and female respondents. However, how the disparity may be, the results point to the fact that gender imbalances in construction sector is evident in the nature of job and masculine features or characteristics factor that favored male dominance in construction sector of the economy. However, there is need to encourage and support females to engage in construction sector.

Age distribution of the respondents

The study sought to establish the most predominant age bracket for the respondents sampled in the study. Age as a variable was operationalized using age brackets. Age was deemed relevant to the study to establish the relationship between age and enterprise risk management (ERM) practices in the Constituency Development Fund (CDF) projects. The variable age was categorically operationalised using the age brackets. The respective frequency and percentage was calculated. Table 4.2 present the tabulated and distribution results of the respondent's age.

It is evident from the table that a majority of the respondents (45%) were aged between 36 and 45 years and furthered by those between 26 and 35 yrs (25%). The distribution of age of respondents shown in table 4.2 revealed that the majority of the respondents were age between 18 and 45 years. The results imply that about three quarters of the respondents (75%) were aged between 18 and 45 years. These results show generally that that

majority of the CDF projects managers are young and dynamic individuals who have engaged in supervision of CDF projects in Bungoma County.

Marital Status of the Respondents

The research sought this information to establish the marital status of the respondents. It would be of interest to see how observable fact of marriage affects enterprise risk management (ERM) practices. This sample includes individuals with a range of marital status including married 53%, singles 42%, divorced 3% and separated 2% as shown in table 4.

It is apparent from the findings that majority of the respondents are married and therefore the level of responsibility can be assumed to be quite high.

Education level of Respondents

The study sought to establish the highest level of education for the respondents. It was necessary to seek information regarding the respondent's level of education since the level of education contributes to a CDF projects managers' knowledge, skill and dispositions level. Furthermore, the variable level of education was relevant to the study so as to ascertain whether enterprise risk management (ERM) practices of CDF projects managers' is affected by their level of education. The variable level of education was categorically operationalized using the categories illiterate, basic education, primary, secondary, college and University. The respective frequency and percentage were calculated for each category and the results tabulated as shown table 4 below

The tabulated results suggest that a majority (40%) of the respondents are secondary school certificate holders with no special or professional skills. Those without education accounted for 20%, primary 20%, basic education 10%. Those with professional skills acquired from middle level colleges constituted 8% of the total respondent's college 8% with only 2% accounting for university graduates. The tabulated results suggest that the majority of respondents were secondary school certificate holders.

Working Experience

It was necessary to establish this information to fund out the period the respondents have been in involves in the management of CDF projects. This will provide information regarding their enterprise risk management (ERM) practices and their and factor affecting the ERM practices in CDF control projects. This was meant to assist the researcher to ascertain the relationship between level of experience they have and the enterprise risk management (ERM) practices. The duration of years experience was operationalised categorically as less than/Below one year, 1- 2yrs, 3-4 years, 5-6 years and over 7 years. The results were tabulated as shown in table 4.

The tabulated results indicated that 3% have been involved in CDF control projects less than or below one year, 7% for between 1– 2 years, 35% for between 3 – 4 years, 50% for 5-6yrs and 7 years and above for 16 – 20 years. Apparently majority of the respondent have been involved in the management of CDF projects in between 3 – 6 years. They have been in the management of CDF projects long enough to provide authoritative answers.

Position held

As observed from the literature, respondent's title of job may influence the implementation of management practices (Mehr and Hedges, 1963) in various ways. For example, title of job related income might determine decision making most especially in CDF projects that are community oriented and outcomes. Table 4 presents the distribution of the occupation status of the respondent's parents/guardians.

The finding shows that 45% respondents indicated they are administrative supervisor; 30% indicated that they occupied intermediate management position; 5% indicated they occupied senior management; 20% indicated that they are clerical staff. The results imply that most respondents were administrative supervisor and intermediate management; hence it has direct relationship with the implementation of enterprise risk management (ERM) practices in the management of Constituency Development Fund (CDF) projects. Effective practices of enterprise risk management need the services of senior experienced management staff.

Risks likely to affect CDF projects

The first objective of the study was to determine the risks likely to affect CDF projects in Bungoma County. The respective frequency and percentage was calculated. Table 5 presents the tabulated, distribution and the mean score results of the responses.

Table 5

Overall and Mean Scores of the Responses Concerning the Risks likely to affect CDF Projects

Statement	1	2	3	4	5	Mean
Physical risk such as project destruction or theft of project materials	44	25	15	72	54	3.8
Financial risk such as monetary losses, misuse of funds or rise in prices	16	19	29	63	54	3.7
Operational risks due to defective processes or materials or human errors	8	20	12	83	58	2.9
Strategic risk such as poor strategy in implementing the projects	12	15	22	84	48	3.8
Other risks in selected areas or units	10	16	17	72	66	3.9
Supplier risks such as rise in cost of raw materials or withdrawal of major suppliers	12	18	30	65	56	2.8
Employee risks such as issues of health and safety of workers	12	22	15	48	84	3.8

**1 = rarely, 2= not often, 3=0ften, 4 = very often, and 5=extremely often

Table 9 shows the distribution of responses on risks that are likely to affect CDF projects. It is evident from the table the mean of 3.9 out of five of the respondents expressed that operational risks due to defective processes or materials or human errors and Other risks in selected areas or units are likely to affect CDF projects, followed by mean score of (3.8) of the respondents expressed that physical risk such as project destruction or theft of project materials, strategic risk such as poor strategy in implementing the projects and employee risks such as issues of health and safety of workers

are likely to affect CDF project. Further content of the table reveals with mean score of 3.7 where respondents expressed that financial risk such as monetary losses, misuse of funds or rise in prices and supplier risks such as rise in cost of raw materials or withdrawal of major suppliers are likely to affect CDF projects

It is clear from the table that majority of the respondents expressed that risks likely affecting CDF projects. It is evident from the table 4.8 that mean overall and mean scores of the responses concerning risks likely to affect CDF projects in Bungoma County is more than 3.8 out of five. This showed that CDF projects are associated with risks; therefore, there is need for enterprise risk management (ERM) practices to be able to control the possibility of risks in Constituency Development Fund (CDF) projects.

An examination of the interview schedule responses pertaining to the risks likely to affect CDF projects in Bungoma County tended to concur with the questionnaire findings. These views were further supported by the CDF projects manager of Bungoma County of as observed from their interview schedule and focus group discussions from key informants. The overall risks likely to affect CDF projects in Bungoma County are shown in Figure 4.1. Based on the responses, 80.7% of respondents indicated that possibility of risks in CDF projects were positive while 4.4% of the respondents indicated that the possibility of risks in CDF projects were negative and further 14.9% of the respondents' attested that the possibility of risks in CDF projects were neutral.

Determine Enterprise Risk Management Practices used on CDF projects

The second objective of the study was to determine the ERM practices used on CDF projects in Bungoma County. Table 4.8 presents the respective frequency and percentage was calculated concerning ERM practices used on CDF projects in Bungoma County.

Table 6

Distribution of the Respondents by Perception Concerning the Enterprise Risk Management Practices used on CDF Projects

Statement	1	%	2	%	3	%	4	%	5	%	Total No	100
Application of risk measures to performance goals	80	40	60	30	10	5	20	10	30	15	200	
Risk identification	70	35	80	40	10	5	20	10	20	10	200	
Risk assessment	54	30	63	35	18	10	18	10	27	15	180	
Risk quantification	57	30	76	40	29	15	19	10	9	5	190	
Well formulated risk objectives	50	25	70	35	10	5	40	20	30	15	200	
Risk analysis as part of normal project routines	51	30	85	50	17	10	7	4	10	6	170	
Risk prioritization	70	40	52	30	18	10	9	5	26	15	175	
Evaluation of risk	57	30	47	25	9	5	29	15	47	25	190	
Risk mitigation plans put in place	18	10	36	20	18	10	54	30	54	30	180	
Risk financing programs	60	30	80	40	20	10	30	15	10	5	200	
Implementation of techniques to handle risk	58	30	58	30	10	5	29	15	39	20	195	
Risk control	54	30	45	25	18	10	36	20	27	15	180	
Monitoring and review of risk management programs	51	30	59	35	9	5	17	10	34	20	170	
Corrective action taken when limits are exceeded	30	15	10	5	20	10	80	40	60	30	200	
Integrated risk reporting	58	30	78	40	10	5	19	10	29	15	195	
The project is prepared for contingencies.	61	35	70	40	18	10	9	5	18	10	175	

**1=Very Applicable 2=Moderately Applicable 3=Not sure 4=Rarely Applicable 5=Not Applicable

The results suggest that the determinants of ERM practices used on CDF projects in Bungoma County is effective. The level of agreement in most of the listed determinants roles is quite high. There is however some concern

with regards to Risk mitigation plans put in place and corrective action taken when limits of risk are exceeded. Close to over 60% of the respondents cumulatively indicated that they are not applicable as determinants of enterprise risk management in most of the CDF project.

An examination of the interview schedule responses of CDF projects manager and focus group discussions from key informant pertaining to the ERM practices used on CDF projects in Bungoma County inclined with the questionnaire findings. Close to over 75% of the respondents indicated that most of the sixteen ERM practices stated in table 10 are not applicable as determinants of enterprise risk management in most of the CDF project.

The factors that Influence the Choice of ERM Practices for CDF Projects

The third objective of the study was to determine factors that influence the choice of ERM practices for CDF projects. An examination of the questionnaire responses pertaining to the factors that influence the choice of ERM practices revealed the information shown in table 4.9 below.

Table 7
Determine Factors that Influence the Choice of ERM Practices for CDF Projects

Determinant factors	Frequency	Percentage
Cost of ERM	55	27.5
Management support of ERM implementation	30	15
Lack of resources to implement ERM	65	32.5
Time constraints	20	10%
Lack of legislation specifically for ERM	20	10%
Others	10	5
Total	**200**	**100**

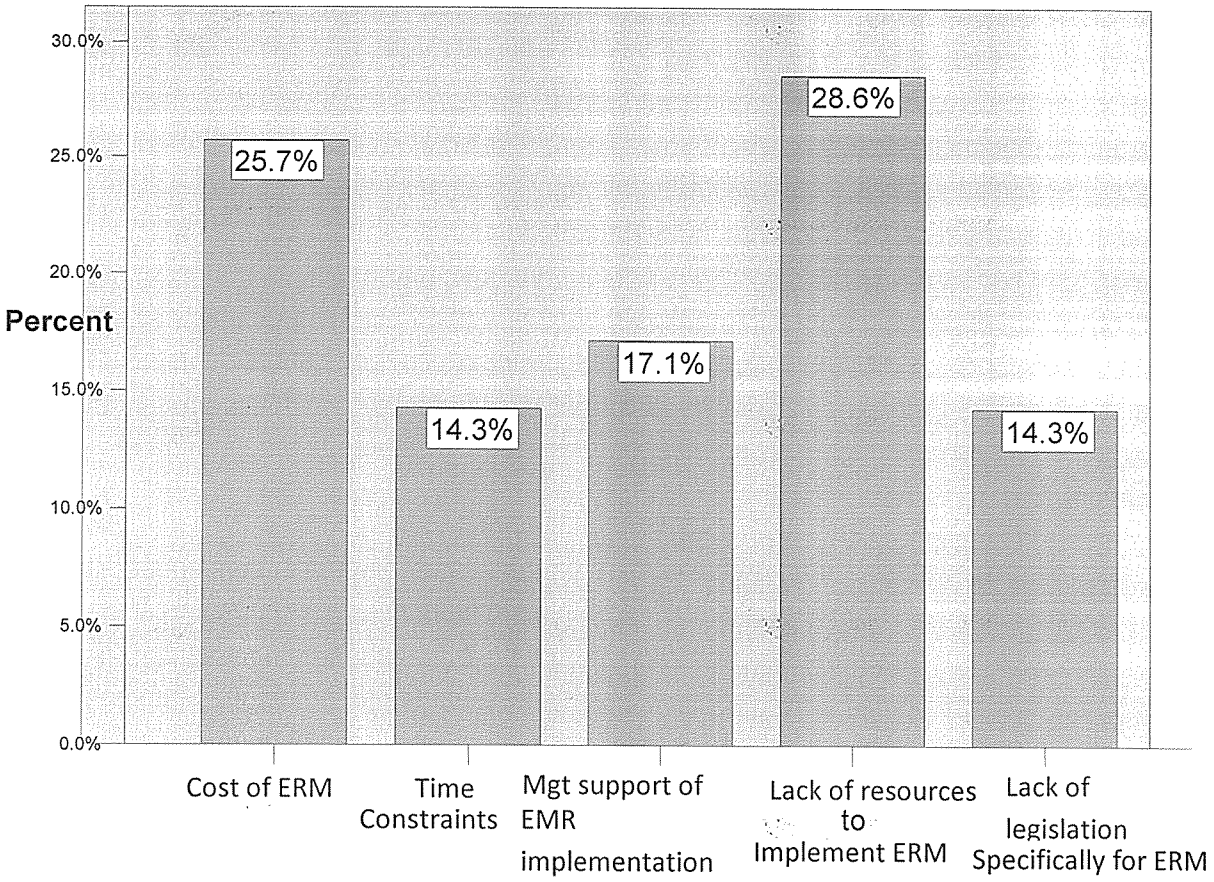
Source: Primary Data, 2012

As shown in table 7 five key determinant factors were identified 32.5 percent of the respondents stated that lack of resources to implement ERM was the main determinant factor influencing the choice of ERM practices for CDF projects in Bungoma County. Twenty seven point five percent of the respondents identified the cost of enterprise risk management as the main determinant factor influencing the choice of ERM practices for CDF. However, other factors identified included: Management support of ERM implementation (15 percent), lack of legislation specifically for ERM, time constraints both at a (10 percent) and other issues at 5%.

An examination of the interview schedule responses of CDF projects manager and focus group discussions from key informant pertaining to the determine factors that influence the choice of ERM practices for CDF projects in Bungoma County tended to concur with the questionnaire findings. Figure 2 presents the results of the CDF projects manager of Bungoma County interview schedule.

Figure 2

Determine factors that influences the choice of ERM practices for CDF projects



As shown in the figure 2 the main factor identified by the sampled of CDF projects manager of Bungoma County was lack of resources to implement ERM (28.6 percent). Over 25 percent of the CDF projects manager also noted that the he cost of enterprise risk management tended to affect the choice of ERM practices for CDF projects. Over 17 percent decried the Management support of ERM implementation. Over 14 percent each pointed to lack of legislation specifically for ERM and time constraints.

Contributions of Enterprise Risk Management on Success of CDF Projects

The fourth objective of the study sought to establish the contribution of ERM on success of CDF projects. Contribution of ERM as a variable was categorically operationalized whether the respondent agree with contributions of ERM to the success of CDF projects. Analysis of the questionnaire responses revealed the information shown in table 4.10 regarding the contribution of ERM on success of CDF projects in the Bungoma County.

Table 8

Contribution of ERM on Success of Projects

Factors	%
ERM protects the unique combination of tangible and Intangible assets	75
ERM enhances and protects enterprise value	65
ERM assists firm in pursuit of new opportunities for growth and return	75
Project's asset portfolio to be managed in terms of risk exposures	80
ERM results in improved performance	60
ERM results in enhanced risk governance	90
ERM results in improved efficiency	70
Provides better visibility into the risks the project is facing	90
Provides increased awareness of risks to a project's budget	60
ERM provides increased collaboration with stakeholders	65
Enables the firm to address uncertainty	90
Enables the firm to transparent and inclusive	60
The firm is capable of continual improvement and enhancement	70
Project's objectives are aligned with the entity's risk appetite	90
The firm is able to coordinate key risk management processes	80

Source: Primary Data 2012

As shown from table 8 fifteen statements in terms of contributions factors were identified. The main contributions of ERM on CDF projects are; enhanced risk governance, provision of better visibility into the risks the project is facing, addressing of uncertainty and aligning of projects with the

entity's risk appetite. Ninety percent of the respondents stated the above reasons. Eighty percent of the respondents pointed to project's asset portfolio to be managed in terms of risk exposures and that firm is able to coordinate key risk management processes.

These views were further supported by seventy five percent of the respondents who indicated that ERM protects the unique combination of tangible and intangible assets and ERM assists firm in pursuit of new opportunities for growth and returns respectively. While seventy percent response level of respondents pointed out that ERM results in improved efficiency, clearly defined land rights and firm capability of continual improvement and enhancement as contribution of ERM on Success of Projects. 65 percent of the respondents were of the view that the ERM enhances and protects enterprise value and provides increased collaboration with stakeholders respectively. 60 percent asserted that ERM results in improved performance; ERM provides increased awareness of risks to by the CDF projects manager of Bungoma County of as observed from their interview schedule and focus group discussions from key informant. Over 40 percent of the directors identified that ERM results in enhanced risk governance. Over 24 percent of the officials of CDF projects from Bungoma County however observed that ERM provides better visibility into the risks the project is facing 20 percent agreed that ERM enables the firm to address uncertainty and the remaining close to 13 percent stated that ERM Project's objectives are aligned with the entity's risk appetite.

The Level of Success in CDF projects

The fifth objective of the study sought to determine the level of success ERM in CDF projects. Level of success ERM in CDF projects as a variable was categorically operationalized through indication of the amount of money spent on CDF projects. An examination of the questionnaire responses pertaining to indication of the amount of money spent on the project in Bungoma County revealed the information presented here. These issues are presented in table 4.11 below

Table 9

Amount of money spent

Amount	Frequency	%
200,000 – 500,000 Kshs	80	40
500,000 – 1,000,000 Kshs	40	20
1,000,000 – 1,500,000 Kshs	35	17.5
1,500,000 – 2,000,000 Kshs	25	12.5
Over Kshs. 2,000,000.	20	10
Total	**200**	**100**

As shown from the table 9 on the question of the indication of the amount of money spent on the CDF project, 40% of the sampled respondents agreed to have spent between Kshs. 200,000 and Kshs. 500,000 on the CDF project. About 20% agreed to have spent between 500,000 – 1,000,000 Kshs. While 17.5% agreed to have spent between 1,000,000 – 1,500,000 Kshs. Only 10% of the projects had over Ksh. 2,000,000 spent on them.

These results indicate that many positive associated with CDF projects were identified in Bungoma County. Enterprise risk management practices was responsible for among other attributes, positive attitude towards CDF projects, improved development programme provided to residence of Bungoma County. Therefore, the management of CDF projects needs to look at various areas risks that associate with CDF projects (physical risk, financial risk, operational risks, strategic risk, supplier risks and employee risks) in order to make CDF projects more efficient and effective.

Status of the Project

An examination of the questionnaire responses pertaining to status of the CDF project in Bungoma County revealed the information presented here. These issues are presented in table 4.12 below

Table 10

Status of the project

Amount	Percentage
Completed and in use	30
Complete and not in use	10
Incomplete and in use	10
Incomplete and in progress to completion	10
Incomplete and stalled	40
Un started project	-
Total	**100**

As shown from table 10 six statements in terms of CDF project in Bungoma County were identified. The responses indicated that 30% of CDF projects in Bungoma County were completed and in use. About 10% of the

CDF projects were complete and not in use. It was also noted that 10% was incomplete and in use. It was also established that 10% of the projects incomplete and in progress to completion. From all the CDF projects, 40% were incomplete and stalled.

An examination of the interview schedule responses of CDF projects manager and focus group discussions from key informant pertaining to status of the CDF project in Bungoma County revealed indicated that Bungoma County, through its CDFs has undertaken many projects. They also concurred with the findings in the questionnaire.

Project Rating

Completion of project was considered important since projects delivered on time, within budget and meet scope specifications may be perceived to be successful by key stakeholders. Successful projects should be completed in time, good quality construction and provide good value for money for the community. Project rating was operationalized as very low, low, moderate, high and very high. Analysis of the questionnaire responses pertaining to rating of CDF project for each of the 200 respondents is presented in table 11 below.

Table 11

Project Rating

Rating	Frequency	Percentage	Score
Project delivered on time and to budget	60	30	Very low
Project completed and closed	20	10	Very low
Functionality of the project output	20	10	low
Relevance of the project output	80	40	Moderate
Total	**200**	**100**	

As shown from table 11 above, four statements in terms of CDF Project rating were rated by respondents. 40 percent of the respondents stated that the relevance of the CDF project output as moderate, 10 percent of the respondents pointed to functionality of the project output as low in term of rating. While, project completed and closed and project delivered on time and to budget were rated to be very low respectively.

These results imply that the main challenge in implementing ERM lies in identifying the cost-benefit ratio of the risk management effort. Other challenges lie in developing a technical ERM framework that enables secure participation of all stakeholders.

An examination of the interview schedule responses of CDF projects manager and focus group discussions from key informant pertaining to status of the CDF project rating in Bungoma County revealed indicated that Bungoma County, through its CDFs has undertaken many projects. Yet it has been observed that the failure rate of CDF projects is high than completion. This

clearly indicates that only a small percentage of the CDF projects were rated moderately. This account why most CDF projects had stalled for poor risk management as most CDF projects in Bungoma County lacked any risk response strategies.

The Factors that Influence the choice of ERM Practices on Success CDF Projects in Bungoma County

To establish the relationship between the factors that influences the choice of ERM practices and success CDF projects in Bungoma County, the study looked at the relationship between factors that influences the choice of ERM practices. The factors that influences the choice of ERM practices for CDF projects includes: ERM results in enhanced risk governance, provides better visibility into the risks the project is facing, ERM enables the firm to address uncertainty, ERM Project's objectives are aligned with the entity's risk appetite; ERM enables project's asset portfolio to be managed in terms of risk exposures. It was hypothesized that: There is no relationship between the factors that influences the choice of ERM practices and success CDF projects in Bungoma County.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction

Drawing from the findings of the study as shown in the previous chapter, this section provides a systematic discussion of the findings in light of the theoretical and empirical literature. This chapter presents a summary of the whole study and discussion of the findings of the study with a view to crystallize the specific findings in relation to the research objectives. The findings are presented complete with their statistics. The conclusion is then drawn based on the findings in order to answer the research questions. In addition, the researcher then provides study recommendations and suggestions for further research derived from the findings on what to be done to identify the relationship between enterprise risk management (ERM) practices and Constituency Development Fund (CDF) projects. Finally the chapter concludes with suggestions for future research. The following findings were made.

FINDINGS

The purpose of the study was to investigate the enterprise risk management (ERM) practices and its contribution to Constituency Development Fund (CDF) projects. The studies have indicated a variety of background demographic characteristics of the respondents. These include: gender, age, and level of education, title of job/department and levels of work experience in CDF projects. In addition, the chapter discusses the study findings thematically in line with the objectives and in reference to existing literature. Five thematic issues were analyzed.

These included: determinants of the risks likely to affect CDF projects in Bungoma County, ERM practices used on CDF projects in Bungoma County, factors that influence the choice of ERM practices for CDF projects, contribution of ERM on success of CDF projects and the level of success ERM in CDF projects. Analysis of the respondents' questionnaire and interview responses revealed the following findings.

Discussion of the Results

Risks likely to affect CDF projects in Bungoma County, (Research Question 1)?

The study identified the risks likely to affect CDF projects in Bungoma County. These risks include: operational risks with high mean score of (3.9) due to defective processes or materials or human errors, followed by mean score of (3.8) of the respondents expressed that physical risk such as project destruction or theft of project materials, strategic risk such as poor strategy in implementing the projects and employee risks such as issues of health and safety of workers are likely to affect CDF project. It is clear from the study that majority of the respondents expressed the fact that there are risks that are likely to affect CDF projects.

This clearly shows that CDF projects are associated with risks; therefore, there is need for the application of enterprise risk management (ERM) practices to be able control the possibility of risks in Constituency Development Fund (CDF) projects. The findings are consistent with other findings (e.g. Moteff, 2005; Lynn, 2004 and Hopkin, 2010) identifies several risks associated with projects e.g. operational risks, physical risks, pure and speculative risks, environmental and process risks. The authors recommend

identification, analysis and control of those risks which can cut short the earning capacity or the lives of assets of a business.

The approach involves identification, analysis and control of those risks which can cut short the earning capacity or the lives of assets of a business.

These views agree with the findings of Duggal (2010) that Risk management is a scientific approach of dealing with both insurable and uninsurable risks faced by individuals and business. The approach involves identification, analysis and control of those risks which can cut short the earnings capacity or the lives of assets of a business. Brian Nocco's theory (2006) corroborating this assertion "stated that Companies that measure and manage risks consistently and systematically by giving managers the information and incentives to optimize, the tradeoff between risks and returns strengthen their abilities to carry out strategic plans.

ERM practices used on CDF projects in Bungoma County, (Research question 2)?

Regarding the ERM practices used on CDF projects, this study identified sixteen key **ERM practices** crucial to the **CDF projects**

The results seem to suggest that the determinants of ERM practices used on CDF projects in Bungoma County is effective. The level of agreement in most of the listed determinants roles is quite high. There is however some concern with regards to Risk mitigation plans put in place and corrective action taken when limits of risk are exceeded. Close to over 60% of the respondents cumulatively indicated that most of the sixteen ERM practices are not applicable as determinants of enterprise risk management in most of the CDF

project. Furthermore, the a chi- enterprise risk management square test of independence pertaining to enterprise risk management practices and CDF projects of Bungoma County established that there was a highly significant relationship between enterprise risk management practices and CDF projects. ($\chi^2_{1\%}$ (28) =433.5, P<0.001). This clearly suggests that performance of CDF projects depends on the enterprise risk management practices employed.

The findings affirm that enterprise risk management practices contribute significantly to the CDF projects as also supported by the finding of other studies. Anderson and Terp, (2006) corroborating this assertion "stated that risk management has become a main area of development for most institutions. Most of the organizations emphasized that effective risk management procedures are important. They expect effective risk management to improve decision-making, reduce financial losses and increase profit from investment the last one is suggestion from respondent. The objective of risk management is to maximize the potential of success and minimize the probability of future losses. In addition, the other expectations are to improve resource allocation and communication with stakeholders. Moreover, the respondents suggested that effective risk management can decrease regulatory and compliance risk.

These views replicate the findings of (Richard et al 2000) that the scope and application of ERM goes beyond protecting physical and financial assets. Under the ERM approach, the scope of risk management enterprise is wide and the application of risk management is targeted to enhancing as well as protecting the unique combination of tangible and intangible assets comprising the organization's business model.

Factors that influence the choice of ERM practices and success of CDF projects in Bungoma County, (Research question 3)?

Research question 3 sought to determine factors that influence the choice of ERM practices for CDF projects.

The study identified five key determinant factors. These include: lack of resources to implement ERM was the main determinant factor influencing the influences the choice of ERM practices, Other includes: cost of enterprise risk management and Management support of ERM implementation and lack of legislation specifically for ERM and time constraints. An examination of the interview schedule responses pertaining to the determine factors that influence the choice of ERM practices for CDF projects in Bungoma County identified lack of resources to implement ERM as the main factors that determine the choice of ERM practices. Furthermore, a chi- square test of association, $\chi^2_{0.01} = 211.759$, $p<0.001$, showed a highly significant relationship between m the factors that influences the choice of ERM practices and success CDF projects in Bungoma County. The results show that the high performance of CDF projects in Bungoma County encourages influences the choice of ERM practices by CDF project managers.

These findings are consistent with the findings by (Renn, 1998; Ritchie and Marshall, 1993) who revealed that; overall, the key discipline of project risk management lacks the optimality that is assumed in best practice standards. Renn (1998) argues in this context that the set of assumptions of a mainly objective analysis of risk "is a virtue as much as it is a shortcoming". The findings underline the criticism of some researchers such as Ritchie and Marshall (1993), that the normative model of expected utility theory as an

underlying model for project risk management is inadequate to describe how decision makers manage risks. In addition, it appears that the findings of this study about the influence of interventions on project risk management also apply in a wider context and are not confined to the specific context of construction project management. In other areas such as organization theory, the resistance to managing uncertainties because of denial, avoidance, delay and ignorance seems to be confirmed through research being conducted in various settings.

It was observed in another study of (Otway (1992) who argues that a person who only focuses on the statistical probability of threats and their impacts and ignores any other information would be truly irrational. Hence, a project manager would act sensibly by, for example, rating the importance of a long-term relationship between provider and customer higher than the actual short-term avoidance of disruptions through the management of project risk.

Contributions of ERM to the success of CDF projects in Bungoma County, (Research question 4)?

Research objective 4 sought to investigate the contribution of ERM on success of CDF projects. The study identified fifteen statements in terms of contributions factors. Majorities of respondents stated that ERM results in enhanced risk governance, provides better visibility into the risks the project is facing, ERM enables the firm to address uncertainty and under ERM Project's objectives are aligned with the entity's risk appetite. These views were further supported by the CDF projects manager of Bungoma County of

as observed from their interview schedule. They said that ERM results in enhanced risk governance.

Furthermore, a spearman rank correlation between the ranks of the responses pertaining the contribution of ERM on success of CDF projects showed a highly significant negative correlation between contribution of ERM and success CDF projects (r_s = - 0.954, P < 0.001). This clearly suggests that lack of effective implementation of ERM is likely to affect success CDF projects and vice versa.

The findings of this study regarding the contribution of ERM on success of CDF projects supports the findings of (Cooke-Davies, 2000) in which is stated that an individual risk management activity is able to contribute to project success. The findings also concur with research by Weick and Sutcliffe (2007) in which is stated that the creation of a general awareness for the risks by project members is important in order to be able for them to respond to the risks. The prompt list that is used by project groups during risk identification contains five risk topics that are realistic to the project. However, the chances of these risks occurring are either zero because they are controlled by the experiment (although the project group is unaware of this), or very low because the risks can be controlled by the project group itself. Despite this list with realistic but not occurring risk topics, the project group is able through general awareness to increase their quality with on average 1.3 more correct results. The general awareness for risks is created through communication, and this communication between project members during risk identification plays an important role for the effect of risk identification on project success. These views echo the findings of (de

Bakker et al., 2011), in which is concluded, based on Habermas (1984),that communication between individuals that work on a commonly defined and agreed upon goal, improves the effectiveness of the individuals□ actions. Through communication, project members create a common definition of the situation (Habermas, 1984) in which they adjust and synchronize their actions. Risk identification then is not just a tool to collect factual information about risks on which decisions are founded; it is also a tool to influence project members□ perceptions and behavior.

Level of success ERM in CDF projects, (Research question 5)?

Research objective 5 sought to determine the level of success ERM in CDF projects.

The study established that an overwhelmingly large proportion (66.7%) of the projects in the constituencies had between ksh. 200,000 and ksh. 500,000 spent on them. Only 5% of the projects had over ksh. 2,000,000 spent.

These results indicate that there are many projects associated with CDF in Bungoma County which spent less than ksh. 1,000,000. Enterprise risk management practices was needed to be responsible for among other attributes, towards CDF projects, improved development programme provided to residence of Bungoma County. As a result, the management of CDF projects needs to look at various areas of risks that associate with CDF projects (physical risk, financial risk, operational risks, strategic risk, supplier risks and employee risks) in order to make CDF projects more efficient and effective especially in their consideration of the amount of funds to be allocated for a given project.

With regard to status of the CDF project in Bungoma County, 40 percent of the respondents stated that the failure rate of CDF projects is high, 30 percent of the respondents pointed to completed projects and in use, 10% identified complete projects and not in use, incomplete projects and in use and incomplete projects and in progress to completion. These results indicated that Bungoma County, through its CDFs has undertaken many projects. Yet it has been observed that the failure rate of CDF projects is high than completion.

Analysis of the questionnaire responses pertaining to rating of CDF project for each of the 200 respondents showed that 40 percent of the respondents stated that the relevance of the CDF project output as moderate, 10 percent of the respondents pointed to functionality of the project output as low in term of rating. This finding seems to imply that the main challenge in implementing ERM lies in identifying the cost-benefit ratio of the risk management effort. Other challenges lie in developing a technical ERM framework that enables secure participation of all stakeholders. This clearly indicates that only a small percentage of the CDF projects were rated moderately. This account why most CDF projects had stalled for poor risk management as most in CDF projects in Bungoma County lacked any risk response strategies.

These findings could possibly be explained by COSO framework (2004) concluded that the main challenge in implementing ERM lies in identifying the cost-benefit ratio of the risk management effort. Other challenges lie in developing a technical ERM framework that enables secure participation of all stakeholders. These views are further supported by National Taxpayers

Association (NTA) (2010), in research conducted in Bungoma County found that only a small percentage of the project managers practice ERM and about 25% of the projects had stalled for various reasons. These findings are consistent with the findings by Njoroge (2009) research on risk management approaches by selected organizations in Mombasa district. He concluded that there is poor risk management as most organizations lacked any risk response strategies.

CONCLUSIONS

The findings of this work have been derived from the study objectives. The study sought to investigate the enterprise risk management (ERM) practices and its contribution to Constituency Development Fund (CDF) projects in Bungoma County.

In conclusion, therefore, the study identified risks likely to affect CDF projects in Bungoma County. These risks include: operational risks, physical risk, strategic risk and employee risks are likely to affect CDF project.

It is clear from the study that majority of the respondents expressed that there are risks that are likely to affect CDF projects. Furthermore, it was established that there was a significant relationship between enterprise risk management (ERM) practices and Constituency Development Fund (CDF) projects.

Regarding the ERM practices used on CDF projects, it was concluded that there was a highly significant relationship between enterprise risk management practices and CDF projects. This clearly suggests that

performance of CDF projects depends on the enterprise risk management practices employed.

Regarding factors that influence the choice of ERM practices for CDF projects, the study showed a highly significant relationship between the factors that influence the choice of ERM practices and success CDF projects in Bungoma County. The findings show that the moderate performance of CDF projects in Bungoma County encourages and influences the choice of ERM practices by CDF project managers.

With regard to the contribution of ERM on success of CDF projects. The findings of the study showed a highly significant negative correlation between contribution of ERM and success CDF projects. This clearly suggests that lack of effective implementation of ERM is likely to affect success CDF projects and vice versa.

Lastly, regarding the level of success ERM in CDF projects, an indication of the amount of money spent on the CDF project shown by the majority of the sampled respondents. These results indicated many positive results associated with CDF projects in Bungoma County. With regard to status of the CDF project in Bungoma County, The results indicated high failure rate of CDF projects in Bungoma County

Analysis of the rating of CDF project for each of the respondents showed that the relevance of the CDF project output with a small percentage of the CDF projects were rated moderately. This account why most CDF projects had stalled for poor risk management as most in CDF projects in Bungoma County lacked any risk response strategies.

RECOMMENDATIONS

The purpose of this study was to investigate the enterprise risk management (ERM) practices and its contribution to Constituency Development Fund (CDF) projects in Bungoma County. Based on the findings, analysis, discussions and conclusions of this study, the following recommendations were made:

- Based on the results obtained in this study, it is recommended that the risks likely to occur on the demand side of the CDF projects be researched for inclusion in the risk management model. As the different sectors of the CDF projects may be affected differently by the various risks that may occur and will therefore rate the significance differently, it is recommended that an analysis of the risks in the various CDF projects be conducted

- Research has shown that many CDF projects fail because scope, cost and time objectives are not met despite the existence of "self-evidently" correct best practice project management standards. Literature indicates that project managers in general appear to have problems "optimally" preventing risks from adversely influencing the project outcome. The exploratory and explanatory findings of this study suggest that CDF project managers face specific risk mediators which tend to adversely influence the effective use of enterprise risk management and which ultimately affect the project outcome of CDF projects.

- There is need for continuous risk analysis is the key to identify, address, and handle risks before they become threats to success, and, this preliminary risk analysis framework could enable the realization of a continuous risk analysis for CDF projects. It facilitates the validation of continuous risk analysis in CDF infrastructure projects by enabling early commitment, extensive application, flexible adoption and frequent implementation; hence it is beneficial for communications among project participants and decision-making of management.
- The risks likely to affect CDF projects in this study can be enriched and improved risk checklist this could be beneficial for risk analysis team to identify risks at an early stage of the project.
- Risk Classification could be incorporated in the process to improve the effectiveness of the CDF projects and to stimulate the decision-makers' better understanding of potential risks.

- The rational assumptions of project risk management and the usefulness of best practice project risk management standards as a whole need to be questioned because of the occurrence of interventions such as the lack of information. CDF project managers should first prevent risk-related interventions from influencing the use of enterprise risk management (ERM). However, if this is not possible, they should be prepared to adapt to risks influencing the project outcome.
- Risk Management and Mitigation could be addressed formally in the workshop. Other improvements, such as Web-Build to enhance risk communications among project participants would be of great value.

- As many CDF projects actors identified the lack of theoretical knowledge, it would be reasonable to suggest advanced vocational training in enterprise risk management for CDF projects personnel. The training is expected to increase knowledge of the subject and understanding of the importance of risk management for safeguarding project objectives. This recommendation is directed to the CDF management because the administration is responsible for staff development. The lack of further training is especially noted in clients' organizations and among consultants. Further development is required in order to increase the level of awareness of project risk management.
- The study recommends that all actors in projects should participate throughout the project life cycle. This involvement facilitates better understanding of project goals and better collaboration through intensive information and knowledge exchange between the project actors. Different procurement options imply different degrees of the actors' involvement and different opportunities for collaboration in the project. From the perspective of dealing with risks, the design-bid-build contracts give no space for discussion about technical solutions between the client and the contractor. On the other hand, the client's responsibility for design forces the actors to have a dialogue when problems appear during the project implementation.
- A client is a party that owns the project, and should therefore be an active part of the risk management process and demand active participation from the other actors. In current practice, very limited interest and activity are found in the programme phase. This aspect

must be addressed by the project actors as the early phases are commonly recognised to be very important for effective project risk management. Thorough attention to the project risks must be paid in the programme phases in order to safeguard projects' objectives. The architects and design managers should be involved more in risk management because design is a very significant risk source in a construction project. Currently, risk management is not a part of consultants 'assignment in traditional contracts. Incentive contracts, where the consultant is involved in profit sharing, create opportunities for consultants' engagement in risk management. Moreover, it is reasonable to expect that consultants have to participate in risk management in the production phase in case there is a need for change or design risks occur.

- It is of crucial importance to communicate known risks before signing risk management in CDF projects. In this case both the client and the contractor should be aware of potential risks and are therefore able to prevent them and potential higher costs. Moreover, open communication of known risks may result in a lower contingency fund, and, in turn, in lower total cost. It is important to note that this recommendation requires a change of current practice when the low contract sum plays the most important role in the tender.
- If enterprise risk management (ERM) is to be properly managed, it is self-evident that the risk management process must be present, transparent and activated in the whole project life cycle. There are many factors that influence CDF projects risk management. The study recommends the need for exploration of various CDF projects for

better understanding of risk management in the different procurement options.

- For the CDF projects to be effectively implemented, the choice of ERM practices for CDF projects is imperative, some improvements in the use of appropriate cost control technique are quite necessary. The cost control techniques are not fully developed due to the problems associated with personnel. In order to enhance the adoption of appropriate techniques, CDF projects should employ personnel with adequate professional knowledge and experience.

Suggestions for Further Research

Taking into consideration the results of this study, the purpose of this section is to propose some themes for further research designed to understand the enterprise risk management (ERM) practices and its contribution to Constituency Development Fund (CDF) projects in Bungoma County, Kenya. The study did not exhaust all matters related to it. Other issues emanated from the study that concerning the expansion of the present study have arisen further investigation. These are as follows:

- In term of data collection, we suggest to collect data from different sources: further interviews and case studies in order to find more validated results.
- For more reliable results, the size of samples should be larger than in this study.
- Not only (CDF) projects are facing with risks but also other organizations: governments or hospitals, for example, should be a sample for further research.

- How do we make and implement to mitigate strategies and contingency plans to reduce the potential impact of risk, it is a topic to worth research investigation
- However, there is an ongoing development of organizational and contractual forms of project implementation. In the further research such forms as construction management contracts, public/private partnerships (PPP), build-operate-transfer (BOT), design-build-finance-operate (DBFO) etc. should be explored from the perspective of dealing with risks.
- Much of the literature suggests that enterprise risk management contributes to the overall value of CDF projects. This in turn, illustrates the importance of ERM to businesses and projects worldwide. From the thorough review of related literature in this particular area of interest, there are factors that could possibly influence any organization to eventually implement ERM. Further study is therefore needed to examine whether all of these factors contribute significantly to ERM implementation within the organization concerned.

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APPENDICES
APPENDIX I

KAMPALA INTERNATIONAL UNIVERSITY

Ggaba Road - Kansanga
P.O. Box 20000, Kampala, Uganda
Tel: +256 - 414 - 266813 / +256 - 772 - 322563
Fax: +256 - 414 - 501 974
E-mail: admin@kiu.ac.ug
Website: www.kiu.ac.ug

OFFICE OF THE HEAD OF DEPARTMENT, ECONOMICS AND MANAGEMENT SCIENCES
COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)

Date: 28th May,2012

RE: REQUEST FOR ELIZABETH SIFUNA WANJALA MPP/36305/113/DF
TO CONDUCT RESEARCH IN YOUR ORGANIZATION

The above mentioned is a bonafide student of Kampala International University pursuing Masters in Project Planning and Management.

She is currently conducting a research entitled " **Enterprise Risk Management (ERM) Practices and Its Contribution to the Success of CDF Projects in Bungoma County, Kenya".**

Your organization has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

Any information shared with her from your organization shall be treated with utmost confidentiality.

Any assistance rendered to her will be highly appreciated.

Yours truly,

Mr. Malinga Ramadhan
Head of Department,
Economics and Management Sciences, (CHDR)

NOTED BY:
Dr. Sofia Sol T. Gaite
Principal-CHDR

APPENDIX 1B

TRANSMITTAL LETTER FOR THE RESPONDENTS

Dear Sir/ Madam,

Greetings!

I am a postgraduate student at Kampala International University in Uganda. Pursuing masters in Project Planning and Management. As a partial requirement for the completion of the Degree, am required to do a research and write a Thesis on "***Enterprise Risk Management (ERM) Practices and Its Contribution to the Success of CDF Projects in Bungoma County-Kenya".*** By completing this questionnaire, you will be providing valuable information to the study. All the information you provide will be treated with strict confidentiality and used only for the purpose of this study. Kindly complete this questionnaire with accurate information by ticking the appropriate boxes and / or filling in spaces provided. Please follow the instructions as given when answering.

May I retrieve the Questionnaire within five (5) days please.

Thank you very much

Yours faithfully

ELIZABETH SIFUNA WANJALA
KAMPLALA INTERNATIONAL UNIVERSITY

APPENDIX III

INFORMED CONSENT

I am giving my consent to be part of the research study of Elizabeth that will focus on **Enterprise Risk Management (ERM) Practices and Its Contribution To The Success of CDF Projects In Bungoma County – Kenya.**

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and the right to withdraw my participation any time.

I have been informed that the research is voluntary and that the results will be given to me if I ask for them.

Initials: _____

APPENDIX IV

RESEARCH INSTRUMENT

QUESTIONNARE

PART 1

QUESTION ONE: QUESTIONS ON PROFILE OF THE RESPONDENTS

1. Please tick your relevant age bond. (Please tick one).

18 – 24	☐	35 – 44	☐	55 plus	☐
25 – 34		45 – 54			

2. Sex

Male	☐	Female	☐

3. Which of the following best describes the type of work you have in your main job?

Senior management
Intermediate management or administrative
Supervisor, clerical, junior management

4. Your Level of Education (Please Specify):

(1) Certificate_____

(2) Diploma _____

(3) Bachelors _____

(4) Masters _____

(5) Ph.D. _____

Other qualifications other than education discipline _____

Number of Years Experience (Please Tick):

____ less than/Below one year

____ 1- 2yrs

____ 3-4yrs

____ 5-6yrs

___ 7 years and above

QUESTION TWO: QUESTIONS TO DETERMINE RISKS LIKELY TO AFFECT CDF PROJECTS

1. Indicate the main risks that are likely to affect your project (please tick the appropriate box, where 1 = rarely, 2= not often, 3=0ften, 4 = very often, and 5=extremely often).

	1	2	3	4	5
) Physical risk such as project destruction or theft of project materials.	☐	☐	☐	☐	☐
) Financial risk such as monetary losses, misuse of funds or rise in prices.	☐	☐	☐	☐	☐
) Operational risks due to defective processes or materials or human errors.	☐	☐	☐	☐	☐
) Stategic risk such as poor strategy in implementing the projects.	☐	☐	☐	☐	☐
Other risks in selected areas or units.					
)supplier risks such as rise in cost of raw materials or withdrawal of major suppliers.	☐	☐	☐	☐	☐
)Employee risks such as issues of health and safety of workers.	☐	☐	☐	☐	☐

›ART II: QUESTIONS TO DETERMINE ERM PRACTICES USED ON CDF ›ROJECTS

2. Do you use ERM in your project management? Yes ☐ No ☐

3. If yes please indicate the ERM practices that your project has adopted (please tick the appropriate box, where;

1 = rarely ,2= not often,3=0ften, 4 = very often, and 5=extremely often).

		1	2	3	4	5
a.	Application of risk measures to performance goals	☐	☐	☐	☐	☐
b.	Risk identification	☐	☐	☐	☐	☐
c.	Risk assessment	☐	☐	☐	☐	☐
d.	Risk quantification	☐	☐	☐	☐	☐
e.	Well formulated risk objectives	☐	☐	☐	☐	☐

f. Risk analysis as part of normal project routines
g. Risk prioritization
h. Evaluation of risk
i. Risk mitigation plans put in place
j. Risk control
k. Risk financing programs
l. Implementation of techniques to handle risk
m. Monitoring and review of risk management programs
n. Corrective action taken when limits are exceeded
o. Integrated risk reporting
p. The project is prepared for contingencies.

Factors that influence the choice of ERM practices for CDF projects (Please tick the appropriate box where 1 = not important at all, 2=fairly important, 3= important, 4= very important and 5 = extremely important).

		1	2	3	4	5
a.	Cost of ERM					
b.	Management support of ERM implementation					
c.	Lack of resources to implement ERM					
d.	Time constraints					

4. Please indicate whether you agree with the following statements in terms of contributions of ERM to the success of CDF projects. (Please tick the appropriate box, where 1 = strongly agree,
2= agree, 3 = neither agree nor disagree, 4 = disagree, 5 = strongly disagree).

	1	2	3	4	5
a. ERM protects the unique combination of tangible and Intangible assets.	☐	☐	☐	☐	☐
b. ERM enhances and protects enterprise value	☐	☐	☐	☐	☐
c. ERM assists the firm in pursuit of new opportunities for growth and return	☐	☐	☐	☐	☐
d. Under ERM, the entire project's asset portfolio is managed in terms of risk exposures.	☐	☐	☐	☐	☐
e. ERM results in improved performance.	☐	☐	☐	☐	☐
f. ERM results in enhanced risk governance.	☐	☐	☐	☐	☐
g. ERM results in improved efficiency.	☐	☐	☐	☐	☐
h. Provides better visibility into the risks the project is facing	☐	☐	☐	☐	☐
i. Provides increased awareness of risks to a project's budget.	☐	☐	☐	☐	☐
j. ERM provides increased collaboration with stakeholders.	☐	☐	☐	☐	☐
k. Enables the firm to address uncertainty	☐	☐	☐	☐	☐
l. Enables the firm to transparent and inclusive.	☐	☐	☐	☐	☐
m. The firm is capable of continual improvement and enhancement	☐	☐	☐	☐	☐
n. Under ERM, project's objectives are aligned with the entity's risk appetite.	☐	☐	☐	☐	☐
o. Under ERM, the firm is able to coordinate key risk management processes.	☐	☐	☐	☐	☐

PART III: QUESTIONS TO DETERMINE THE LEVEL OF SUCCESS IN CDF PROJECTS

1. Please indicate the amount of money spent on the project.

   Kshs. 200,000 - 500,000 ☐
   Kshs. 500 – 1,000,000 ☐
   Kshs. 1,000,000 – 1,500,000 ☐
   Kshs. 1,500,000 – 2,000,000 ☐
   Over Kshs. 2,000,000. ☐

2. Indicate the status of the project

   Completed and in use ☐
   Complete and not in use ☐
   Incomplete and in use ☐
   Incomplete and in progress to completion ☐
   Incomplete and stalled ☐
   Un started project ☐

3. How do you rate your project on the following aspects (please tick the appropriate box, where 1=very low, 2=low, 3=moderate, 4=high, 5= very high)

	1	2	3	4	5
a. Project delivered on time and to budget	☐	☐	☐	☐	☐
b. Project completed and closed	☐	☐	☐	☐	☐
c. Functionality of the project output	☐	☐	☐	☐	☐
d. Relevance of the project output	☐	☐	☐	☐	☐

APPENDIX V

INTERVIEW GUIDE FOR PROJECT MANAGERS AND DIRECTORS OF CDF

I am a postgraduate student of Kampala International University carrying out a study on "enterprise risk management (ERM) practices and its contribution to Constituency Development Fund (CDF) projects in Bungoma County, Kenya". I kindly request you to answer the questions below. All responses will be handled confidentially and will be used only for this study. This questionnaire therefore is to help me collect information from you for purely academic purpose.

1. Please identified the risks likely to affect CDF projects in Bungoma County

.....

.....

2. What Enterprise Risk Management practices used on CDF projects in Bungoma County? Comment.....

3. What are the factors that influence the choice of ERM practices for CDF projects? Comment.....

4. Does Enterprise Risk Management practices contribute toward the success of CDF projects? Yes---------- No----------

5. What is the contribution of ERM to the success of CDF projects?

.....

.....

6. Determine the level of success of ERM in CDF Status project

Project	Status
Completed and in use	
Complete and not in use	
Incomplete and in use	
Incomplete and in progress to completion	
Incomplete and stalled	
Un started project	

7. Determine the rating of CDF project

Rating	Very Low	Low	Moderate
Project delivered on time and to budget			
Project completed and closed			
Functionality of the project output			
Relevance of the project output			

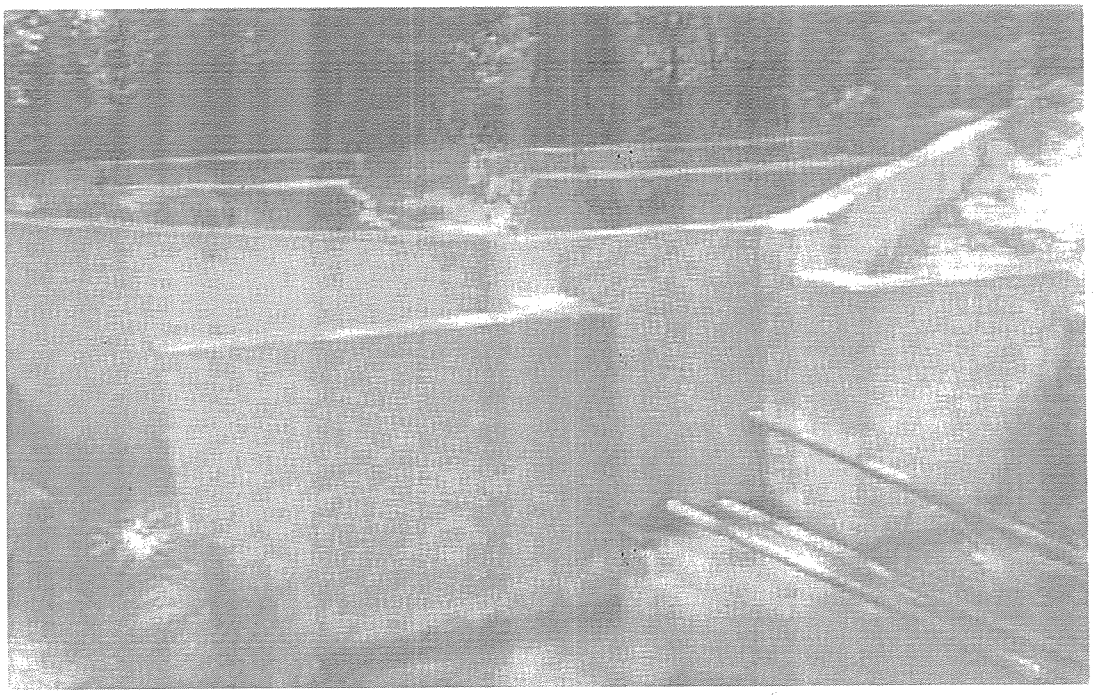
APPENDIX VI

QUESTIONS FOR FOCUS GROUP DISCUSSION

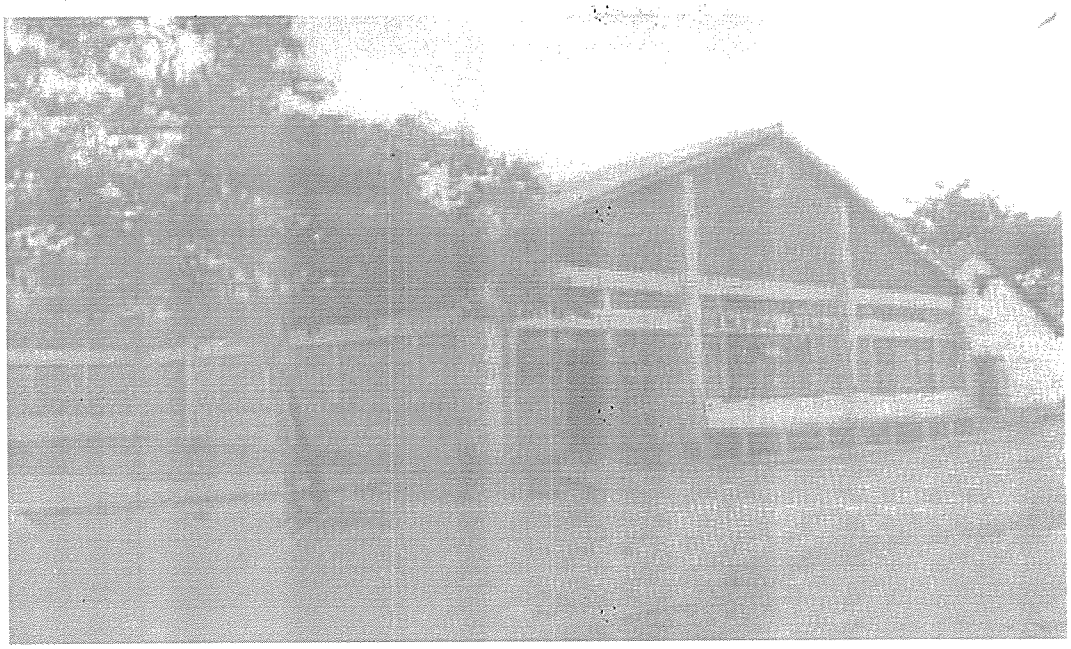
1. What risks are likely to affect CDF projects in Bugoma County?
2. Do you evaluate how you can improve its risk management?
3. ERM has emerged as an important new business trend which aligns strategy, process, people, technology and knowledge with the purpose of evaluating and managing the uncertainties the enterprise faces. What are the challenges which are changing and expanding the risks your organizations face?
4. Do you know what risks your organization is facing ,how such risks are changing due to environmental changes, the level of risk they should take, how to manage those risks and the likelihood impact of such risks.
5. Do you make risk management part of the project?
6. How do you identify risks that are present in a project or future scenarios that may occur?
7. Do you consider both threats and opportunities?
8. Bungoma County, through its CDFs has undertaken many projects. Yet it has been observed that the failure rate of CDF projects is high, what are the reason that cause the failure?
9. Have you ever implemented any enterprise risk management policies aimed at preventing or reducing possible impact of risks that CDF projects are exposed to?

10. Project managers believe ERM is important and brings a competitive differentiator but many are unable to translate risk information into action steps that drive business value. What is the reason for this?
11. What ERM practices are used on CDF projects in Bungoma County?
12. What is the contribution of ERM on success of CDF projects?
13. What is the level of success in CDF projects?

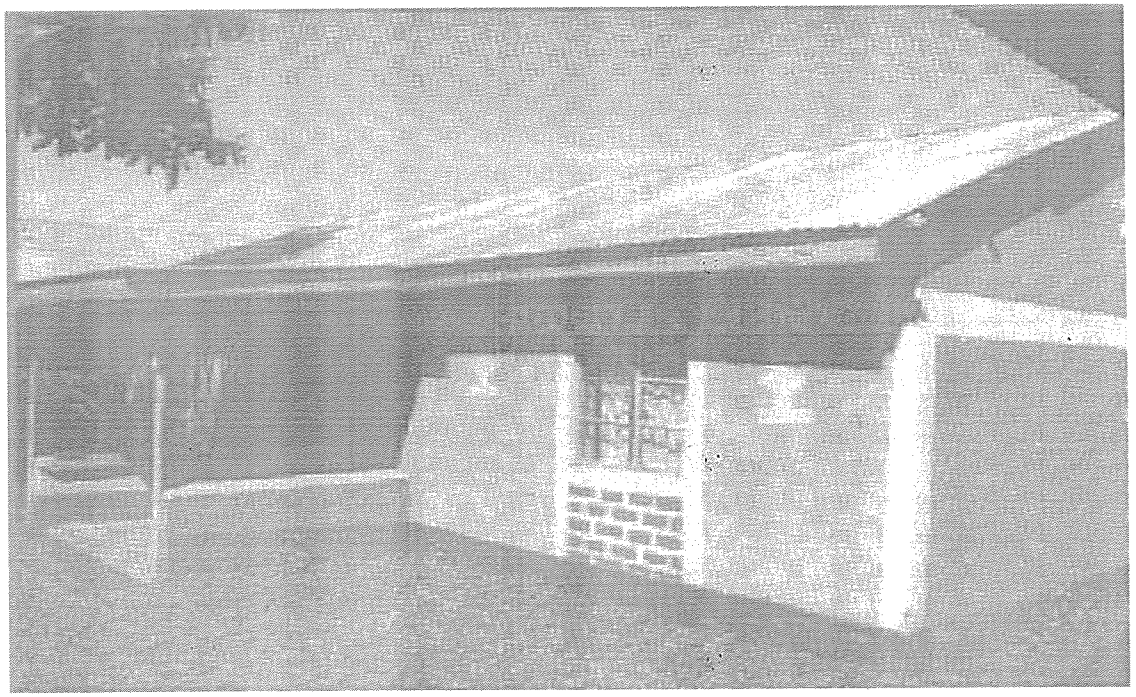
APPENDIX VII



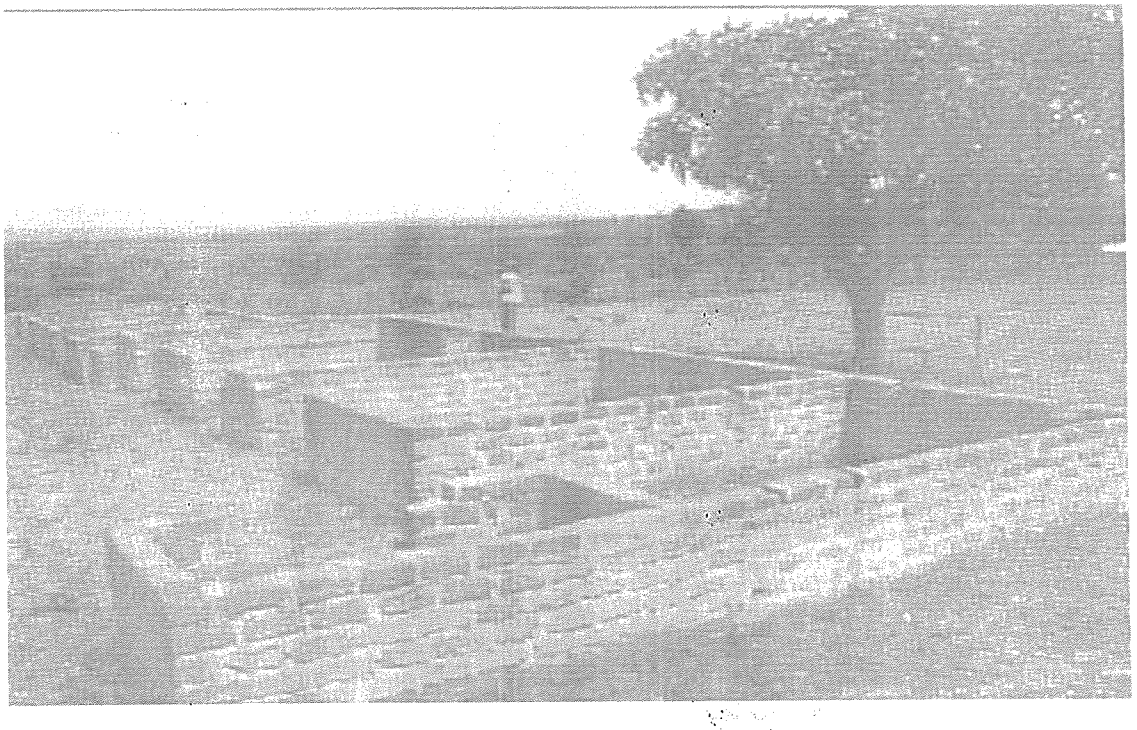
WATER PROJECT- STALLED: PIC 1



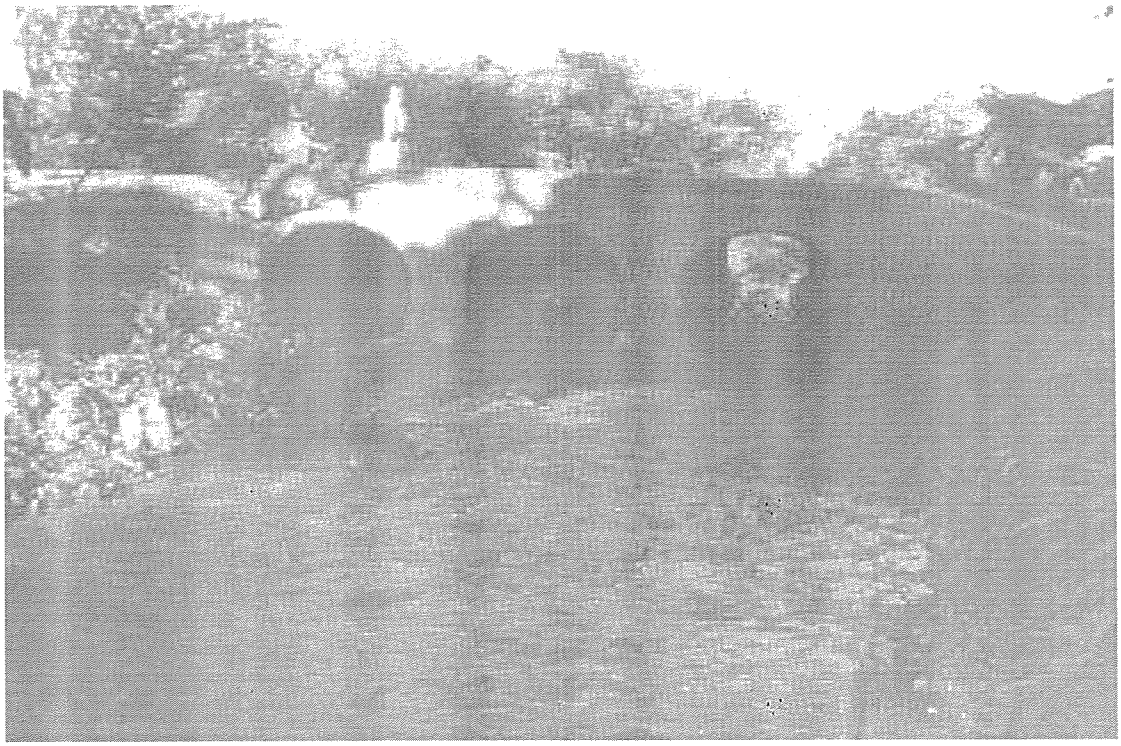
DINING HALL- COMPLETE AND IN USE: PIC 2



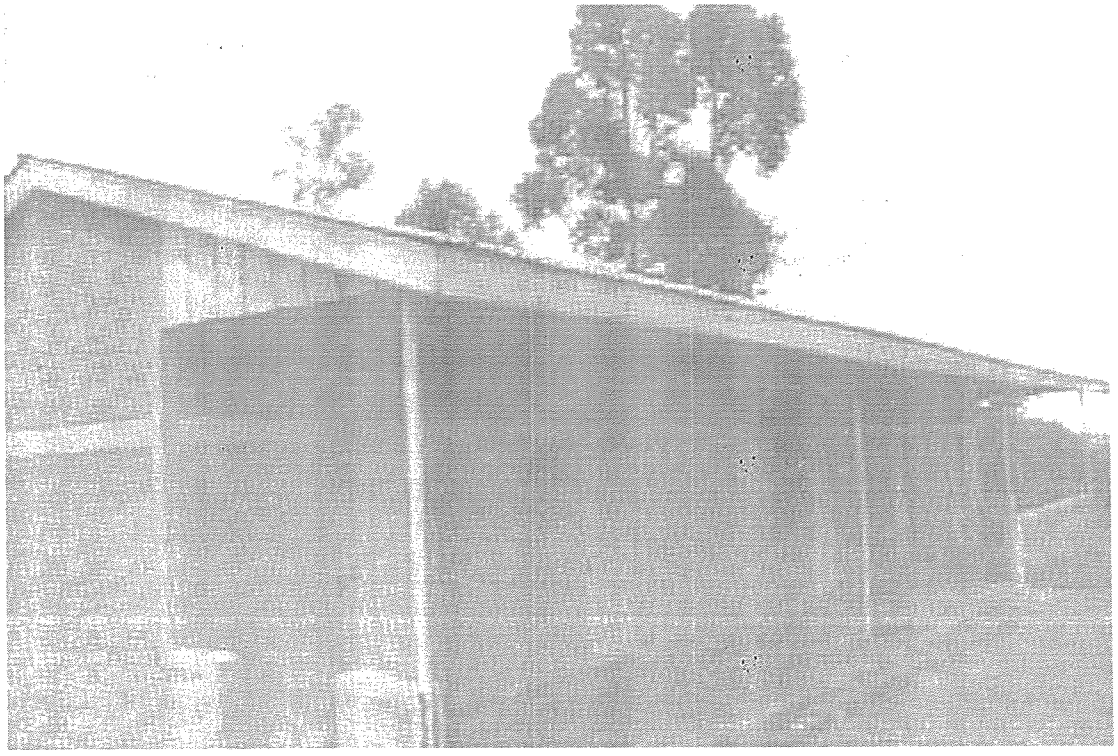
HEALTH CENTRE- INCOMPLETE, NOT IN USE: PIC 3



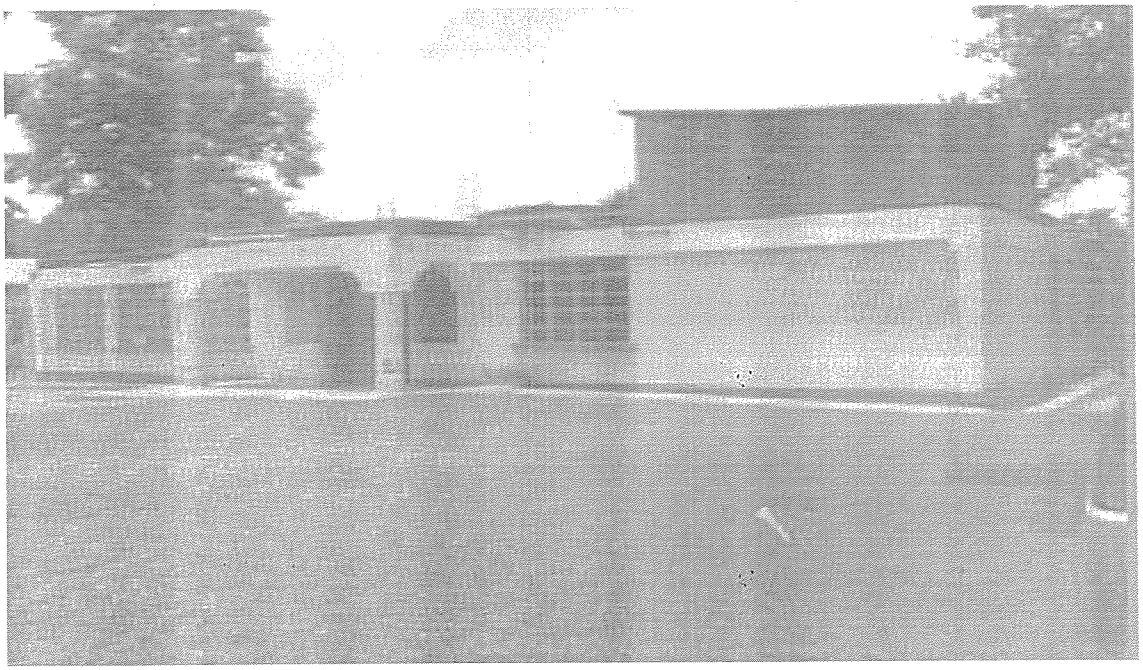
YOUTH CENTRE- INCOMPLETE AND STALLED: PIC 4



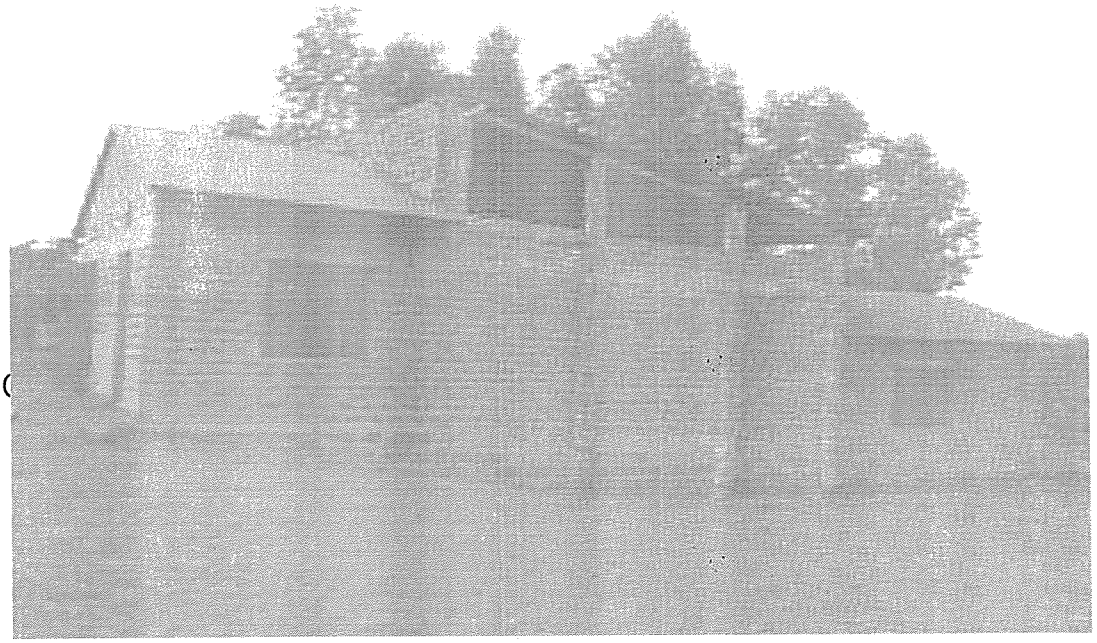
BRIDGE – INCOMPLETE BUT IN USE: PIC 5



CLASS ROOMS – COMPLETE AND IN USE: PIC 6



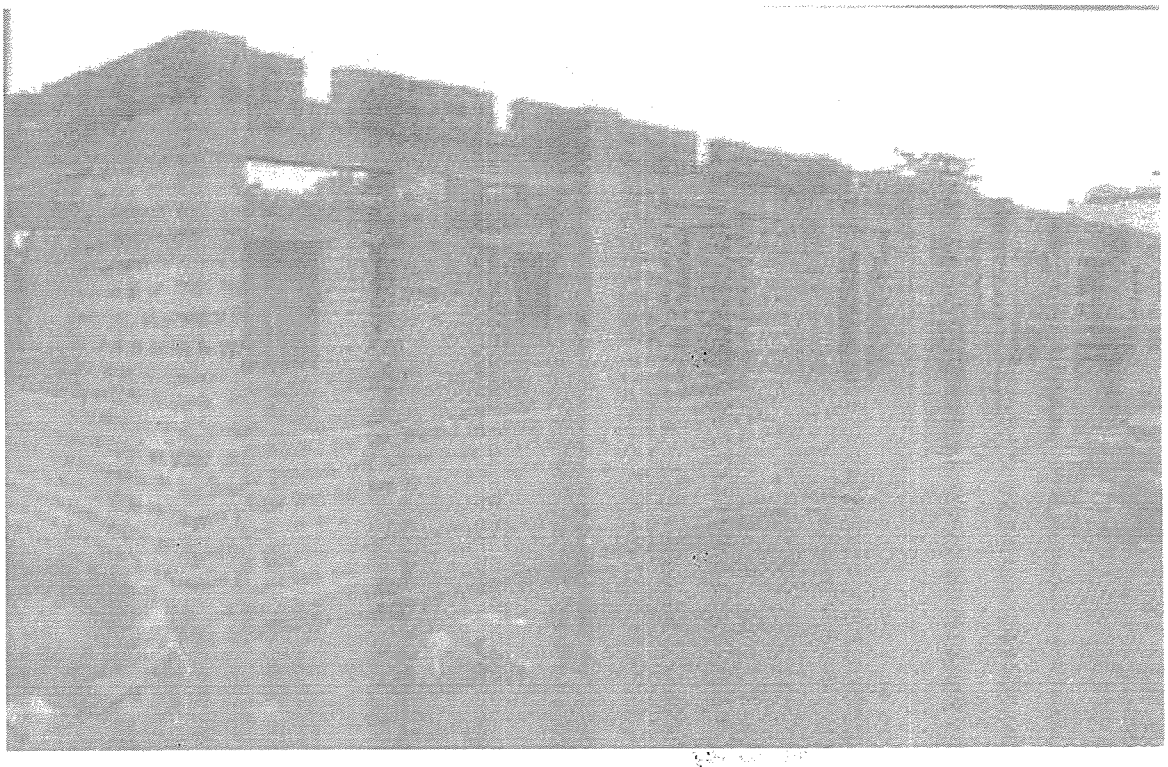
D.O s RESIDENCES – INCOMPLETE: PIC 7



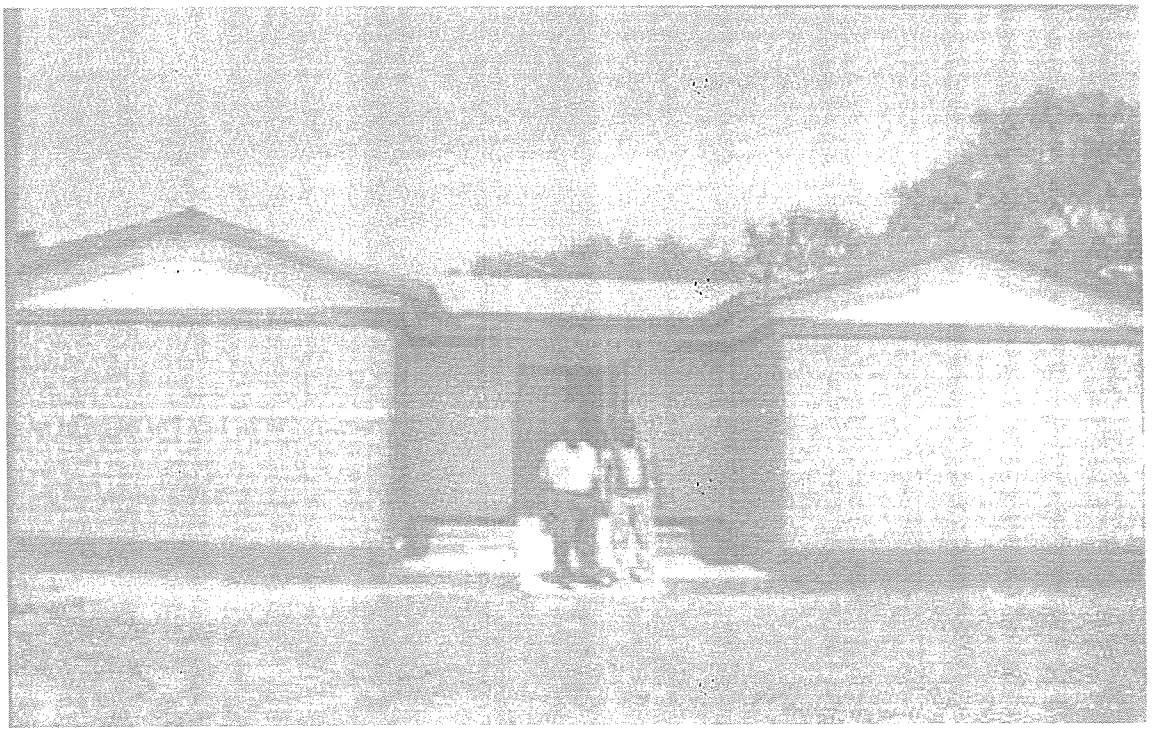
CHILDRENS HOME- COMPLETE: PIC 9

ADMINISTRATION BLOCK- COMPLETE: PIC 12

WATER STORAGE TANK- COMPLETE: PIC 10



DISPENSARY- INCOMPLETE AND STALLED: PIC 11



CURRICULUM VITAE

A. PERSONAL DATA

Name	:	Elizabeth Sifuna Wanjala
Place of Birth	:	Bungoma District
Date of Birth	:	21st June, 1954
Sex	:	Female
Marital Status	:	Married
Nationality	:	Kenyan
Email	:	lizzwanjalas@gmail.com
Contact	:	+254713185323

B. SUMMARY OF EDUCATION

2011 – 2013	**Kampala International University** Masters in Project Planning & Management **(Candidate)**
2008 – 2010	**Washington International University** Bachelor in Business Administration
1979 – 1981	**Kenya Technical Teacher's College** Diploma in Technical Studies
1974 – 1975	**Advanced Certificate "A" Level**

C. PERSONAL PROFILE

Highly Self motivated, customer service oriented, analytical thinking, inter-cultural competencies, innovative, flexible & conscientious and leader astute

Other competencies: Excellent interpersonal, communicative, team work, counseling and organizing skills

D. CAREER OBJECTIVES

Utilize the available opportunity to acquire skills and become proactive member from whom the world society can benefit

E. SUMMARY OF OTHER RELEVANT TRAININGS

1986	Approved Graduate on Merit Ministry of Education, Science & Technology
1993	Certificate in HIV/AIDS Counseling & Guidance Kenya Institute of Professional Counseling

WORKING EXPERIENCE

YEAR	INSTITUTION	POSITION
1992 - to date	Mombasa Polytechnic University	Lecturer
1986-1992	Shanzu Teachers College	Lecturer
1982-1985	Coast Girls High School	Teacher

H. LANGUAGE PROFICIENCY

	Speaking	Writing	Hearing
English	Excellent	Very Good	Outstanding
Kiswahili	Excellent	Outstanding	Excellent
Lubukusu			

I. HOBBIES

- Counseling young couples
- Advocacy for girl education
- Reading Motivational books
- Listening to Gospel music