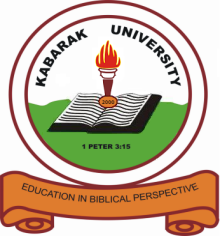
**KABARAK UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**CITY CAMPUS**

**SECOND SEMESTER, 2024 ACADEMIC YEAR**

**EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**OMGT 622: PROJECT MANAGEMENT**

**STREAM: Y2S1 TIME: 4:00-7:00PM**

**EXAMINATION SESSION: MAY-AUGUST DATE: 13/08/2024**

**VENUE: NCC COPIES:18**

**INSTRUCTIONS TO CANDIDATES**

1. **Answer Question ONE and any other ONE questions provided.**
2. **Clearly indicate which question you are answering.**
3. **Write neatly and legibly.**
4. **Edit your work for language and grammar errors.**
5. **Follow all the instructions in the answer booklet.**

**SECTION A: (Compulsory) TOTAL MARKS FOR THIS SECTION IS 40.**

**QUESTION ONE**

1. **a) Managing a project is considered to come with its fair share of challenges and therefore Project Managers must some key capabilities. Explain any four qualities needed by organization for the job holder of the position of Project Manager.** **( 8 Marks)**

**Leadership Skills**:

* 1. Inspires and guides the project team toward achieving goals.
  2. Resolves conflicts and motivates team members effectively.

**Communication Skills**:

* 1. Clearly conveys goals, expectations, and progress to stakeholders and team members.
  2. Ensures transparency in decision-making and feedback.

**Problem-Solving Skills**:

* 1. Quickly identifies and addresses challenges or obstacles during the project lifecycle.
  2. Develops innovative solutions under pressure.

**Time and Resource Management**:

* 1. Plans schedules efficiently and ensures optimal resource utilization.
  2. Manages multiple tasks without compromising on quality or deadlines.

1. **Explain four roles of the project manager in project management.**  **(8 Marks)**
2. **Planning and Coordination**:
   * Develops the project plan, including scope, schedule, and budget.
   * Coordinates activities to ensure smooth execution.
3. **Stakeholder Management**:
   * Communicates with stakeholders to manage expectations and ensure alignment.
   * Resolves conflicts and maintains stakeholder confidence.
4. **Risk Management**:
   * Identifies potential risks, analyzes their impact, and develops mitigation strategies.
   * Monitors risks throughout the project lifecycle.
5. **Monitoring and Controlling**:
   * Tracks project progress to ensure it stays on time and within budget.
   * Implements corrective actions when deviations occur.
6. **Explain four reasons why it is considered prudent to start and end a project at the scheduled time.** **(8 Marks)**
7. **Cost Control**:

Delays often lead to increased costs due to extended resource utilization or penalties.

1. **Maintaining Stakeholder Confidence**:

Timely delivery ensures stakeholders trust the project team’s capability.

1. **Resource Allocation**:

Timely completion frees resources for other projects or tasks.

1. **Avoiding Scope Creep**:

Adhering to schedules minimizes the likelihood of additional work or unauthorized changes.

1. **Explain five reasons for selecting the wrong project**  **(10 Marks)**

 **Inadequate Feasibility Analysis**:

* Failure to thoroughly assess technical, financial, or operational feasibility can lead to poor project selection.

 **Misaligned Goals**:

* Choosing projects that do not align with organizational objectives leads to wasted effort.

 **Lack of Stakeholder Input**:

* Ignoring input from key stakeholders can result in projects that do not address actual needs.

 **Overestimation of Benefits**:

* Unrealistic assumptions about project benefits can lead to poor investment decisions.

 **Insufficient Risk Analysis**:

* Overlooking potential risks may result in selecting projects that are prone to failure.

1. **Explain three different types of evaluation in projects.**  **(6 Marks)**
2. **Formative Evaluation**:
   * Conducted during the project to improve its design and performance.
   * Example: Piloting an initiative to gather feedback before full implementation.
3. **Summative Evaluation**:
   * Conducted at the project’s completion to assess overall outcomes and effectiveness.
   * Example: Evaluating whether the project met its objectives and delivered value.
4. **Process Evaluation**:
   * Focuses on the efficiency and effectiveness of processes used during the project.
   * Example: Assessing whether resources were utilized optimally or timelines adhered to.

**SECTION B. TOTAL MARKS FOR THIS SECTION IS 60.**

**ANSWER ANY THREE QUESTIONS FROM THIS SECTION. EACH QUESTION IN THIS SECTION CARRIES 20 MARKS.**

**QUESTION TWO**

1. **Resource allocation is key for successful implementation of projects. Explain any four consequences for inadequate allocation of resources for a project.** **(8 Marks)**
2. **Project Delays**:
   * Insufficient resources, such as manpower or materials, lead to missed deadlines and prolonged project timelines.
3. **Quality Compromise**:
   * Limited resources force the team to cut corners, resulting in substandard deliverables.
4. **Increased Costs**:
   * Delays and inefficiencies caused by resource shortages can inflate the overall project budget due to overtime, penalties, or additional procurement needs.
5. **Team Burnout and Low Morale**:
   * Overburdening team members with excessive workloads due to resource gaps can lead to exhaustion, decreased productivity, and attrition.
6. **Discuss the four approaches that organizations use to address conflicts in the project environment**  **(12 Marks)**
7. **Collaborating (Win-Win)**:

* Involves open communication and mutual problem-solving to satisfy all parties.
* Best for conflicts where the interests of multiple stakeholders are critical.

2. **Compromising (Give-and-Take)**:

* Each party gives up something to reach a mutually acceptable solution.
* Suitable for situations where time constraints demand quick resolutions.

3. **Avoiding (Withdrawal)**:

* Deliberately ignoring or postponing the conflict to allow emotions to cool or for a better opportunity to address it.
* Useful for minor conflicts or when other priorities take precedence.

1. **Forcing (Win-Lose)**:

* Imposing a solution by using authority or power to resolve the conflict.
* Effective in emergencies where quick decisions are necessary but may cause resentment.

**QUESTION THREE**

1. **While most projects are well-planned, they end up failing to achieve the desired results. In view of this, discuss FOUR reasons why this often happens.**  **(12 Marks)**
2. **Poor Execution:**
   * **Despite good planning, inadequate implementation due to lack of skills, poor coordination, or inefficient resource use leads to failure.**
3. **Scope Creep:**
   * **Unauthorized changes or expansions to the project scope strain resources, budgets, and timelines, affecting outcomes.**
4. **Inadequate Stakeholder Engagement:**
   * **Lack of clear communication or involvement of stakeholders can result in misaligned goals or lack of support, ultimately impacting success.**
5. **Insufficient Risk Management:**
   * **Failure to identify and mitigate potential risks early can lead to unforeseen obstacles that derail the project.**
6. You are a Financial Analyst for Forever Electronics Company. The director of capital budgeting has asked you to analyze two proposed capital investment projects P and Q.  Each project has a cost of Kshs. 50,000, and the cost of capital for each project is 10 percent. The projects’ expected net cash flows are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Year | 0 | 2 | 3 | 4 | 5 | 6 | 7 |
| Project A | 50,000 | 6500 | 3000 | 10000 | 3500 | 35000 | 80000 |
| Project B | 50,000 | 3500 | 1500 | 25000 | 45000 | 3500 | 40000 |

Required:

1. Calculate each project’s payback period, net present value (NPV) **(6 Marks)**

**NPV=t=1∑n​(1+r)tNCFt​​−Initial Investment**

**Payback Period**:

* **Project A**: 5.77 years
* **Project B**: 4.44 years

**Net Present Value (NPV)**:

* **Project A**: Kshs. 35,182.29
* **Project B**: Kshs. 28,692.14

1. Which project should be accepted if they are mutually exclusive? **(2 Marks)**

**Decision Criterion:**

* For mutually exclusive projects, the project with the higher NPV should be selected as it adds more value to the organization.

**Recommendation:**

* Project A should be accepted because it has a higher NPV of Kshs. 35,182.29 compared to Project B's Kshs. 28,692.14. ​

**QUESTION FOUR**

1. **Measuring the success of a project once it’s brought to completion is a valuable practice. It provides a learning opportunity for future undertakings, and, the opportunity to assess the true effectiveness of the project. In order to have a holistic view, objective and subjective criteria need to be considered. Explain any Five items that one need to evaluate when determing the success of a project**  **(10 Marks)**

 **Achievement of Project Objectives**:

* Assess whether the project met its predefined goals and objectives as outlined in the project charter.
* Example: Was the product delivered according to specifications?

 **Adherence to Budget**:

* Evaluate whether the project stayed within the allocated financial resources.
* A project that exceeds its budget may still be successful but can affect overall profitability.

 **Timeliness**:

* Determine whether the project was completed on or before the scheduled deadline.
* Delays can indicate inefficiencies and impact the project’s perceived success.

 **Stakeholder Satisfaction**:

* Assess how satisfied stakeholders (clients, sponsors, and end-users) are with the outcomes of the project.
* Feedback surveys and stakeholder reviews are useful tools for this evaluation.

 **Quality of Deliverables**:

* Evaluate whether the project deliverables meet or exceed the quality standards and requirements specified.
* This includes checking for functionality, reliability, and usability of the final product or service.

 **Impact and Benefits Realization** (Bonus):

* Determine whether the project’s intended benefits, such as increased efficiency, revenue generation, or community impact, were achieved post-completion.
* This can involve both short-term and long-term performance monitoring.

1. Your University has decided that it needs a new Financial Management System and that an off-the –shelf package is the best solution. The main tasks have been identified and duration assessed as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **ID** | **Description** | **Duration (weeks)** | **Prerequisite** |
| A | Draw up a functional requirements specification | 6 | - |
| B | Consider various software packages and select one | 5 | A |
| C | Identify and specify the necessary hardware and communications equipment | 4 | B |
| D | Over the hardware equipment | 3 | C |
| E | Identify the key package modifications needed to meet the functionality required | 5 | B |
| F | Modify the software package as necessary | 10 | E |
| G | Accept delivery and install all hardware and equipment needed for the package | 12 | D |
| H | Design a training plan | 5 | B |
| I | Set up a testing plan | 5 | B |
| J | Unit test all the amended package modules | 6 | F,G,I |
| K | Train users | 5 | H |
| L | Full integration and acceptance testing | 5 | J & K |
| M | Implement the new system | 3 | L |

Draw an Activity-an-Node diagram for the tasks above. Show the earliest and latest start an finish times and float of each task. Show the critical path and duration . **(10 Marks)**

**QUESTION FIVE**

1. Explain any 5 reasons why it is vital to conduct project evaluation **(10 Marks)**
2. **Assess Achievement of Objectives**:
   1. Evaluation ensures that the project’s goals and objectives have been met, providing a measure of its success and effectiveness.
3. **Identify Lessons Learned**:
   1. Evaluation uncovers successes and challenges, offering valuable insights that can improve the planning and execution of future projects.
4. **Ensure Accountability**:
   1. It holds project managers and teams accountable for resource utilization, timelines, and quality of outcomes.
5. **Validate Stakeholder Satisfaction**:
   1. It ensures that stakeholders, including sponsors and end-users, are satisfied with the project outcomes.
6. **Measure Return on Investment (ROI)**:
   1. Evaluation assesses whether the resources (time, money, and effort) invested in the project have generated the anticipated value or benefits.
7. **Managing a project is a process. Explain 5 steps that enables projects to be managed effectively and successfully.** **(10 Marks)**

** Initiation:**

* **Define the project’s purpose, objectives, scope, and stakeholders.**
* **Prepare a project charter to formalize the start of the project and secure stakeholder alignment.**

** Planning:**

* **Develop detailed project plans covering scope, schedule, budget, resources, risks, and quality.**
* **Use tools like Gantt charts or Work Breakdown Structures (WBS) for clarity.**

** Execution:**

* **Implement the project plan by coordinating resources, managing the team, and executing tasks as scheduled.**
* **Ensure effective communication and problem-solving during this phase.**

** Monitoring and Controlling:**

* **Continuously track project progress against key performance indicators (KPIs), schedules, and budgets.**
* **Manage risks and make adjustments as needed to stay on track.**

** Closure:**

* **Formally close the project by delivering final outputs, obtaining stakeholder sign-off, and releasing resources.**
* **Conduct post-project evaluations to document lessons learned and prepare a final report.**

**QUESTION SIX**

1. Highlight importance of community participation in project management. **(5 Marks)**

 **Enhances Ownership and Sustainability**:

* Involving the community ensures that they feel a sense of ownership over the project, increasing the likelihood of its long-term success and maintenance.

 **Improves Relevance and Effectiveness**:

* Community input helps identify real needs and priorities, ensuring the project delivers meaningful and impactful results.

 **Builds Trust and Transparency**:

* Participation fosters trust between the project team and the community, promoting openness and reducing potential conflicts or misunderstandings.

 **Encourages Resource Mobilization**:

* Communities often contribute local knowledge, manpower, or materials, reducing project costs and enriching the implementation process.

 **Facilitates Better Decision-Making**:

* The community provides diverse perspectives and feedback, enabling the project team to make informed and inclusive decisions.

1. Managing projects no doubt comes with its fair share of risks. Explain the project risk management process. **(15 Marks)**

**1. Risk Identification**

* **Objective**: Recognize potential risks that could affect the project.
* **Activities**:
  + Conduct brainstorming sessions with stakeholders and team members.
  + Use tools such as checklists, SWOT analysis, or past project records.
  + Document risks in a risk register, detailing their source and potential impact.

**2. Risk Analysis**

* **Objective**: Assess the likelihood and impact of identified risks.
* **Activities**:
  + **Qualitative Analysis**: Categorize risks based on probability and severity (e.g., high, medium, or low).
  + **Quantitative Analysis**: Use numerical methods like Monte Carlo simulation or decision trees to measure risks.
  + Prioritize risks based on their potential effect on project objectives.

**3. Risk Response Planning**

* **Objective**: Develop strategies to address identified risks.
* **Strategies**:
  + **Avoidance**: Change plans to eliminate the risk entirely.
  + **Mitigation**: Reduce the likelihood or impact of the risk.
  + **Transfer**: Shift the risk to a third party (e.g., through insurance or outsourcing).
  + **Acceptance**: Acknowledge the risk and prepare to deal with its impact if it occurs.

**4. Risk Monitoring and Control**

* **Objective**: Track identified risks, identify new risks, and assess the effectiveness of risk responses throughout the project lifecycle.
* **Activities**:
  + Update the risk register with new risks or changes in the status of existing risks.
  + Monitor triggers or warning signs for identified risks.
  + Reassess risk responses and adjust strategies as needed.

**5. Communication and Documentation**

* **Objective**: Ensure all stakeholders are informed about risks and the measures taken.
* **Activities**:
  + Provide regular updates on risk status in project reports or meetings.
  + Maintain a comprehensive risk log or risk register for reference and auditing.